



City of Matlosana

ANNUAL REPORT 2006 - 2007



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CHAPTER 1

Introduction & Overview

Introduction & Overview

EXECUTIVE MAYOR'S FOREWORD

The tough decisions we made and the unflinching commitment of all the stakeholders in Matlosana during the 2006 - 2007 financial year crystallised into a realisation that indeed we are advancing to meeting our goals and that another phase in our transformation journey lies ahead.

We undertook this journey as One Team with One Vision bounded by the resolve that what we design is what we shall implement. This resolve found expression in our political will to pilot the Integrated Development Plan (IDP) through all its stages by juxtaposing it to our ten year strategic plan commonly known as Matlosana Agenda 16, which has as its strategic priorities, which are:

- Excellence and Transformation;
- Democratic Governance;
- Quality Municipal and Social Service;
- Infrastructure and Utilities;
- Accelerated Economic Growth and
- Financial Sustainability

The placing together of our IDP and Agenda 16 was encouraged by our political will, the passion of our technocrats to implement our vision; the confidence of our people and the strategic support of our partners.

Indeed the transformation and development journey was undertaken as One Team with One Vision in our quest to be a well run city through good governance, where economic growth and prosperity and quality municipal service delivery places us amongst the five (5) leading local municipalities in South Africa by 2016.

The elevated active enthusiasm and interest of our communities and partners in service delivery sounded a firm assurance and belief that indeed advances are registered in our struggle to fight poverty, underdevelopment, unemployment, HIV/AIDS and illiteracy in our quest to build a caring society based on freedom, equality and dignity.

Actual progress registered to meet practical gender and youth needs through special Mayoral Projects and the concomitant practical experience learnt in the process during the period under review provided a niche to integrate these needs in our IDP and Agenda 16.

Buildings on this foundation, the provision of basic services and infrastructure development within a physical and financial stable and sustainable environment have been expeditiously accomplished.



Some of the successes registered during the 2006/2007 financial year are the following:

- Participatory democracy through public participatory strategies was an integral part of our broader vision, activities and outreach program;
- Our financial status confirms the fact that we are sustainable and indeed a going concern
- We delivered considerably on our housing projects
- N12 economic development project is on course in line with our LED Strategy
- 28% of our budget was used for the remuneration of our staff;
- Just over 1% was used to pay the allowances of councillors;
- 23% of the budget was used for the purchase of electricity and water from the bulk suppliers;
- 9% was used to cover possible debts;
- 168 million was spent on capital infrastructure and the bulk of it was used for investment in infrastructure such as roads and storm water, internal reticulation as well as electricity;
- The expenditure of more than R50 million on internal reticulations and wastewater treatment plant has helped us to be on course to eradicate the buckets.
- R30 million was spent on road infrastructure, street lights and the upgrading of electrical networks;
- Other capital projects included the resealing of our roads; water supply and sanitation in rural areas; the solid waste handling and disposal; the water meter replacement in our city; the refurbishment of our court building and the extension of the market hall.



We paid particular attention on the needs and aspirations of our youth and women and in this regard the following were registered:

- We launched the Mayoral Environment Management Project which is currently employing 400 young people,
- We funded more than 32 youth businesses from the R 1million set aside in the Mayoral Youth Development Fund;
- We awarded more than 140 students with bursaries and all of them are studying at different institutions of learning across the country;

Finally, the IDP process will remain the springboard and benchmark for Matlosana to provide good governance through economic growth, investment attraction and speed up service delivery within the ambit and spirit of the contract that we have concluded with its diverse constituencies to build communities that work better, to ensure a better life for all and to meet our constitutional mandate as we soldier on to realize the 2014 national vision.



CLLR TS DODOVU
EXECUTIVE MAYOR
29 NOVEMBER 2007



SPEAKER'S FOREWORD

In terms of chapter 4 of the Municipal Systems Act, (Act 32 Of 2000) municipalities are expected to engage their communities on matters affecting how its affairs are conducted. This process according to the Act requires municipalities to engage its communities by way of public participation. Public participation indeed forms the basis of our operation in serving our people, in order to achieve our constitutional obligation as a municipality. It is from the very same nature of a consultative government, that the Office of the Speaker at all times ensures that there is a clear communication strategy in place that link the municipality with our people. Over the last few years, this has been the challenge that the office has to deal with.

We have identified Compliance as a key focus area to improve on our public participation performance as we work towards achieving our objectives of Matlosana Agenda 16. We are all faced with compliance dilemmas and sometimes the decision we take can have unintended consequences. We therefore have established systems in place in order to improve compliance with the rules, procedures and good practices.

Evidently, the new approach to community development as encapsulated in the legislation governing the local sphere of government, has not only broadened the role of the Office of the Speaker in its internal functions, but it has also increased the scope of the work that the office needs to deal with at community level. Thus, from the office we strive at all to make our Councillors accountable to their constituencies by way of community gatherings (mass meetings). However, the Office of the Speaker endeavours to involve the community of this municipality to participate on issues that affect them directly. This process is done through the community meetings called by Councillors at ward level and by Mayoral Imbizo's which are called for the public to give comments and seek clarities on services they received from the municipality. It is for this reason that we challenged Councillors to initiate activities that addresses social-ills in our areas.

Therefore, it was strategic and purposeful to ensure that most functions performed by the office during 2006/2007 financial year were more of capacity building programme in order to capacitate both Councillors and ward committees. We were privileged, as the office to cover much ground in terms of Councillor Development Programme to capacitate Councillors on different aspects of Local Government to assist in performing their duties effectively. Some aspects of achievement cover the following; that is, all Councillors have undergone a workshop on Municipal Finance Management Act with the Provincial Treasury Department. Currently we have Councillors undergoing training on Certificate in Municipal Management with Southern Business School. In the light of limited



resources, we endeavour to capacitate Ward Committees as way of participatory democracy and good governance for them to be accountable and transparent to the community they lead. A two days Ward Committee Conference was held successfully on role clarification between the Community Development Workers, Ward Field Workers and Ward Committees.

I am satisfied that we have moved swiftly and decisively to deal with the challenge of capacitating the above mentioned areas in the Office of the Speaker. I am also convinced that given enough resources there can be improvement in developing the necessary human capital in order address our developmental goals in term of the Matlosana Agenda 16 objectives.

Through our outreach, programmes we have distribute food, clothes, blankets, etc. to the needy. The Speaker also as part of this programme celebrated her forty (40)-year birthday with the orphanage children around Matlosana in all of thirty (31) wards, where children we given gifts and food parcels.

This year's reports as you realize clearly indicates that indeed, we are on the right course and we need to maintain the momentum. In doing so, the office will continue to develop in a balanced manner, those activities that the office is constitutionally charged with in terms of the structures Act, and those activities that the office carries responsibility in terms of the systems Act.

To this end, it is our intention to maintain public participation as our core activity in our entire strategic programme. In general, the office has managed, in spite of all the odds, to maintain a functional and progressive ideal in achieving the City's vision and mission.

O.R. THABANCHU (MRS)
COUNCIL SPEAKER



MUNICIPAL MANAGER'S FOREWORD

Our long term objective as encapsulated in our Agenda 16 Vision Statement is to place our Municipality among the top 5 (five) Local Municipalities by 2016. We intend to achieve this through Excellence in conducting the affairs of the city, Growth by Attracting Investment and Stimulating Economic Growth and meeting the Service Delivery mandates and Improving the Quality of live of our people through efficient and quality service delivery.

Our focus is in line with the objectives of Local Government, as provided for under Section 152(1) of our Constitution, as well as the 7 (seven) National Key Performance Areas, which also forms the basis for Provincial Growth and Development Strategy, which is informed by the following KPA's:

- Excellence Transformation and Good Governance
- Quality Municipal and Social Services
- Meeting Infrastructure and Utility needs
- Accelerated Local Economic Growth
- Financial Sustainability

During the first term of the financial year under review, Council adopted the above strategic objectives with a view to conform to our Agenda 16 mission statement.

For completeness, practical and implementable purposes, the Agenda 16 Strategic Objectives were integrated with the IDP, which is Council's strategic document for service delivery in line with the needs and expectations of our community. The Agenda 16 driven IDP was then integrated with the budget to produce the Service Delivery and Budget Implementation Plan, which was used for performance monitoring.

From institutional transformation and good governance perspective, our city engaged in the alignment of our organizational structure, starting with top management, with the adopted strategies to ensure the realisation of our key objectives. We also dealt with the automation of the Performance Management System with the view to eliminating subjectivity and enhancing effective monitoring of our implementation processes.

When coming to Quality Municipal Services, we continued with the maintenance of acceptable levels of clean, safe and healthy environment. In recognition of our efforts, in this regard our city got a Professional Management Review Gold Award for cities/towns doing most in the Province for social upliftment as well a Silver Award for crime fighting.

With regard to infrastructure, it is indeed important to indicate that at the end of March 2007 our city had managed to spend hundred percent of Municipal Infrastructure Grant allocation for the financial year



under review. The challenge, which faced us at the end of Municipal Financial Year, however, was that of roll-overs for internal funded projects and which received pertinent attention in going forward.

In the area of Local Economic Development, our municipality received recognition award from Professional Management Review and Provincial Vuna Award where we obtained a Diamond Award for Cities/Towns doing most in the Province to attract local investments and Local Economic Development Key Performance Area Provincial Award respectively. The N12 development initiative on the other hand stands out as a flagship project that will not only boost the local economy but will also enhance integration from spatial development perspective.

Lastly, it is imperative to reflect on challenges facing us from financial management perspective notwithstanding the healthy position that our municipality enjoys as far as financial sustainability is concerned. The following deserves our attention:

- Acceptable external audit reports
- Reduction of the R0.5 billion outstanding debt and
- Improvement of our revenue collection to be above the 90% mark.

MM MOADIRA
MUNICIPAL MANAGER



MUNICIPAL OVERVIEW

Geographic Profile

Klerksdorp is categorised as one of the main provincial centres, situated within the Southern District of the North West Province. According to its provincial status, it is ranked as a 'primary regional centre' within the 'transitional zone' from the metropolitan region, and it has a high level of facilitating economic growth based on its existing development potential and socio-economic needs-status. The municipality was classified as a Category B Municipality by the Municipal Demarcation Board, in terms of section 4 of the Local Government Municipal Structures Act, 1998. The municipality includes Klerksdorp, Orkney, Stilfontein and Hartbeesfontein.

The area has strong physical and socio-economic linkages and economic interactions with Gauteng, as well as other main towns like Potchefstroom, Rustenburg, Welkom, Ventersdorp, Wolmaransstad and Ottosdal.



The area has strong capabilities and comparative advantages with regard to the manufacturing of agricultural products, manufacturing for the mining industry, beehive developments and retail in general. In all sectors, labour-intensive employment opportunities are promoted. In addition to the above, Klerksdorp is located in the N12 Treasure Corridor (164km South West of Johannesburg on the N12 to Cape Town and covers an area of 3 562 km²). Hence, it forms one of the main provincial priorities for purposeful development in concentrated zones along the three corridors in the province.

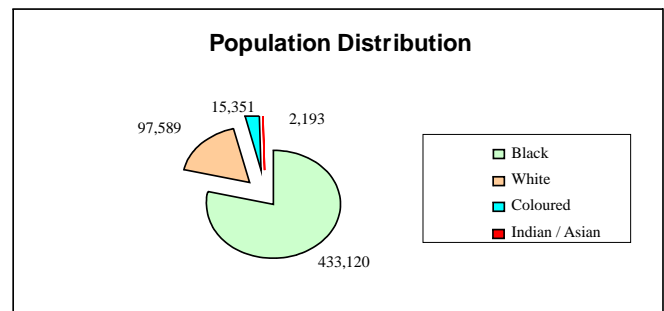
It is one of Council's strategic objectives to promote forthcoming initiatives from the N12 Treasure Corridor, to ensure local economic development and industrialization for Klerksdorp.

Demographic Profile



With a population of 548 253 the City of Matlosana is still the largest local municipality within the Southern District. According to National Census information the gender distribution is very equally at 49,6% male and 50,4% female.

The black population group represents 79% of the population while white population make up 17,8%; coloured population 2,8% and the Indian/Asian population make up 0.4%.

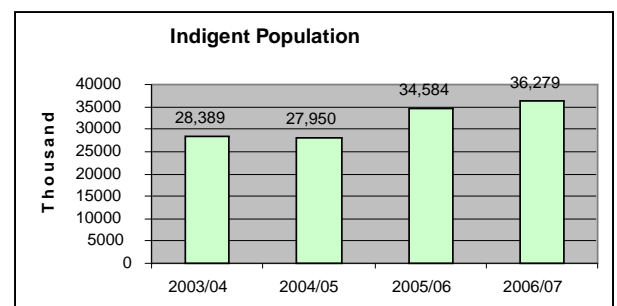


The estimated growth in population for the past year is 7 054 or 0,99%.

General Profile

Estimates from the Development Planning and Building Survey section indicate the following household totals:-

Financial Year	Formal / Informal Housing	Villages
2004/05	108 107	287
2005/06	116 092	292
2006/07	118 199	307



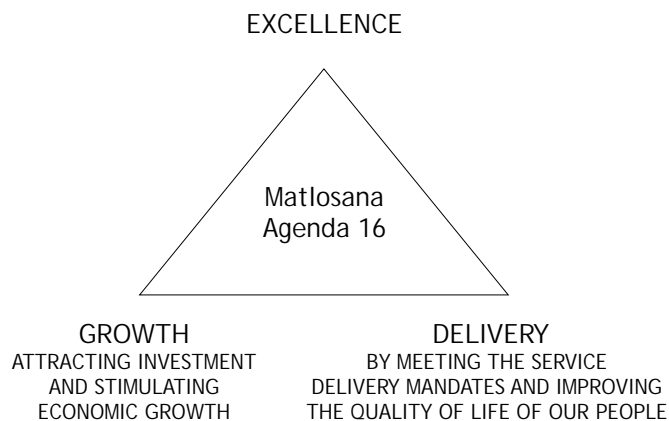
EXECUTIVE SUMMARY

To enhance the City of Matlosana's Integrated Development Plan (IDP) a strategic decision to apply a stronger mission, an aggressive vision was developed. In order to give effect to achieve the vision and mission 16 critical key priorities for the city, has been formulated, which will lead to the city to greater heights and improve service delivery to the community. The Matlosana Agenda 16 Strategic Plan was adopted by Council per Executive Mayor resolution, EM 210/2006 dated 13 November 2006.

The mission and vision are as follows: -

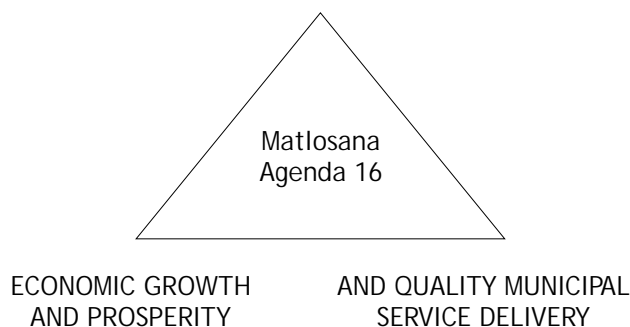
OUR MISSION

EXCELLENCE IN CONDUCTING THE AFFAIRS OF THE CITY



OUR VISION

MATLOSANA IS A WELL RUN CITY THROUGH GOOD GOVERNANCE



PLACE IT AMONGST THE 5 LEADING LOCAL MUNICIPALITIES BY 2016



AGENDA 16: STRATEGIC PLAN

Agenda 16 is built on 3 strategic pillars. Excellence, through attracting investment to stimulate Economic Growth and Excellence through Service Delivery to fulfil the needs of the community.

Agenda 16 recognizes that stimulating economic growth for prosperity and equality is of utmost importance and addresses this priority by bringing city branding and marketing to the fore. Without an aggressive marketing campaign and an investment policy, we will fail to attract investment into Matlosana, and in turn will fail the commitment made to the community for the creation of jobs and alleviation of poverty.

The Agenda 16 strategic plan for Council for the next 10 years can be summarized as follows:-



Agenda 16 Indicators & Targets			
STRATEGIC PRIORITIES	KEY PERFORMANCE AREAS (STRATEGIC PROGRAMMES)	OBJECTIVE	INDICATOR & TARGET
1. Excellence & Transformation in Leadership, Management, Governance	The City Report Card	To develop a mechanism for Assessing the City's Standing with reference to the Level of Excellence in Leadership, Management & Governance	<ul style="list-style-type: none"> City Report Card Mechanism & Methodology Developed by June 2007. Reviewed Annually Annually Partaking in Vuna & PMR Award Systems
2. Democratic Governance	Public Participation, Communication and Customer Care	To develop a Programme for enhancing Public Participation of All Groups, to the extent where the Public's Contribution becomes a major Driver towards achieving the City's Vision	<ul style="list-style-type: none"> Comprehensive & Effective Ward Meetings are held Quarterly Effectiveness Scores of 7+ are achieved on Ward Meeting Score Cards by Oct 07 A Customer Care Communication Centre (One-Stop-Shop) is developed by Dec 2007



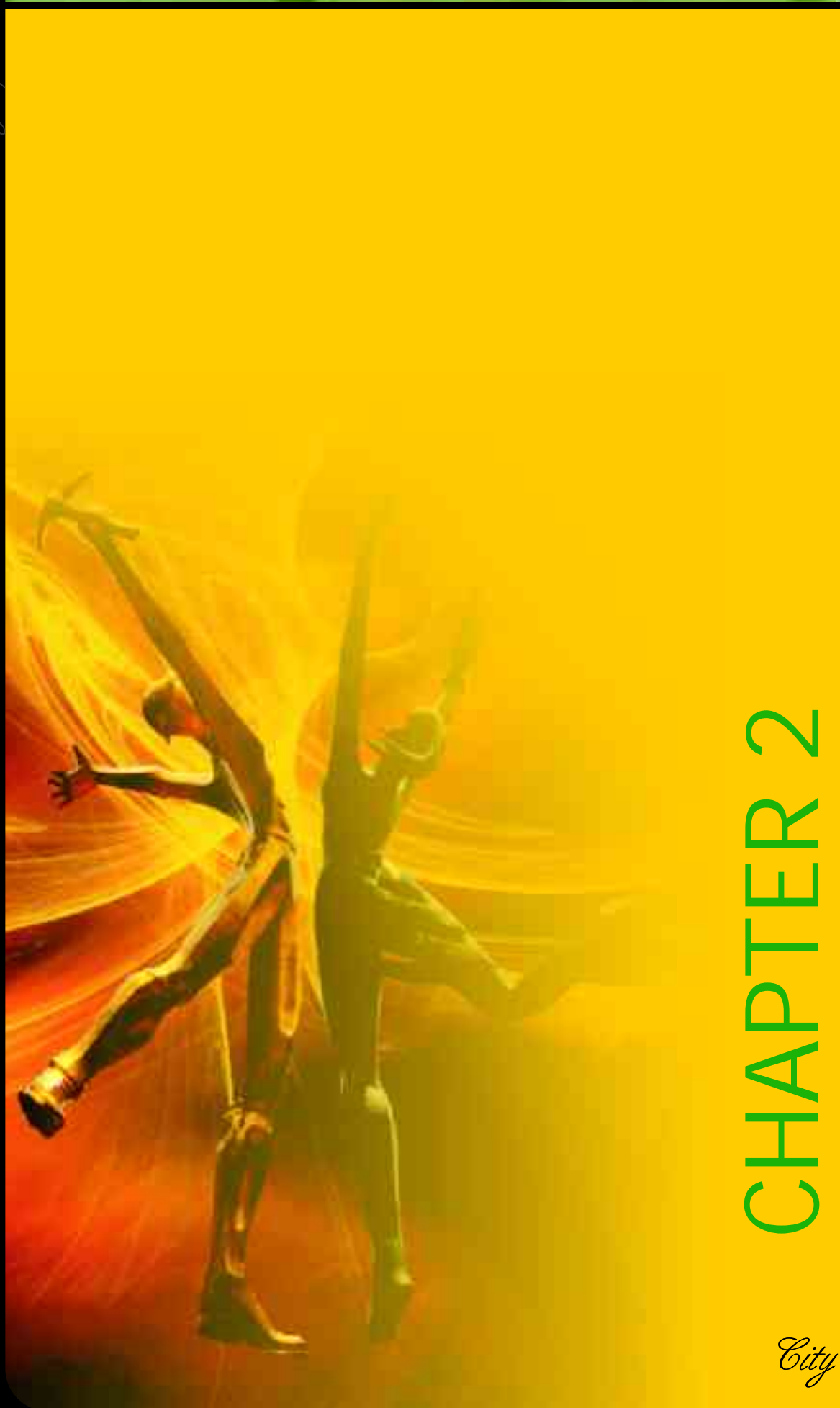
STRATEGIC PRIORITIES	KEY PERFORMANCE AREAS (STRATEGIC PROGRAMMES)	OBJECTIVE	INDICATOR & TARGET
3. Quality Municipal & Social Services	Safety & Security	To establish, in collaboration with all Authorities & Stakeholders a Safe & Secure Environment within Matlosana City	<ul style="list-style-type: none"> Safety & Security Strategy & Action Plan developed in collaboration with SAPS and Others by Jun 07 Disaster Management Plan by Jun 07 Develop Plan by Jun 07 Provide Proof of Supporting National Programme
	HIV, Aids, TB	Develop Action Plan to Support National Initiatives	<ul style="list-style-type: none"> Plan developed by Jun 07
	Sustainable Environmental Management	Develop Action Plan to enhance the Appearance of The City and the Environment	<ul style="list-style-type: none"> Partake in Cleanest City Award Programme annually and be amongst 5 Leaders, Nationally

STRATEGIC PRIORITIES	KEY PERFORMANCE AREAS (STRATEGIC PROGRAMMES)	OBJECTIVE	INDICATOR & TARGET
4. Infrastructure & Utility Needs	Provision of Housing	To provide an Acceptable Level of Residential Service to All Groups	<ul style="list-style-type: none"> Future Land Development Plan by Jun 07. Reviewed Annually All Subsidized Housing Projects to be Completed as per the Applicable Programme 100% OF Annual Capital Plan is delivered on the Relevant Projects A Bulk Services 10yr Master Plan is developed by Oct 07 An Infrastructure Maintenance Plan is developed by April 07 14 000 Buckets are eliminated by Dec 07 Develop an Asset Register by Jun 08 inclusive of Disposition, Maintenance & Replacement Procedures and keep Register up to date at all times
	Existing Infrastructure Maintenance	To develop a System for Control & Management of City Assets	
	Existing Infrastructure Backlog & Upgrade		
	New Bulk Services & Infrastructure		
	Asset Management		

STRATEGIC PRIORITIES	KEY PERFORMANCE AREAS (STRATEGIC PROGRAMMES)	OBJECTIVE	INDICATOR & TARGET
5. Accelerated Economic Growth (Poverty Relief, Job Creation, LED, RED)	Sustainable New Projects	To create An Environment where Local & Rural Economic Growth is Enabled and Accelerated	<ul style="list-style-type: none"> 500 Jobs are Facilitated Annually through Municipal Programmes & Projects (30% Youth) Unemployment is reduced by 5% annually against an established Baseline The Number of Families with Income of Less Than R1 100 is reduced by 5% per annum
	Rural Economic Development (Energy)		
	SMME Development	A Programme is developed for Creating Sustainable SMME's	<ul style="list-style-type: none"> SMME Strategy & Action Plan developed by April 07 Sustainable SMME's show Growth of 10% + per annum
	City Branding / Marketing / Tourism	A Brand for Matlosana, with potential to be Highly Recognizable & Highly Regarded is developed	<ul style="list-style-type: none"> Brand developed by April 07

STRATEGIC PRIORITIES	KEY PERFORMANCE AREAS (STRATEGIC PROGRAMMES)	OBJECTIVE	INDICATOR & TARGET
6. Financial Sustainability	Cash flow Management & Revenue Enhancement	To Enhance Financial Controls in line with National Indicators for Debt Coverage, Service Debtors and Available Cash Reserves	<ul style="list-style-type: none"> Service Debtor Payment Rate 90% + Dec 08 Debtor Days 60+ improve by 30% by Dec 08 Debtor Days 90+ improve by 20% by Dec 08 Debtor Days 120+ improve by 10% by Dec 08 Cash Management and Debt Coverage as per National Indicators
	Public Private Partnership	To Re-examine the Proposal for Creating Public Private Partnerships in the area of Non-Core Functions	<ul style="list-style-type: none"> Re-examined Proposal Tabled by Jun 07





CHAPTER 2

Performance Highlights

Performance Highlights

Performance evaluation for the organization and the various departments takes place once a year and conducted, as far as possible in line with council's performance evaluation system.

FREE BASIC SERVICES

Given the level of poverty in Matlosana municipal area and in order to comply with national directives and policy, the municipality introduced a policy of free basic services to residents.

Water

All households in Matlosana area currently qualify for the first 6 kl of water a month free of charge.

Council also adopted the minimum level of a water service to be a water connection in each erven, instead of a 200m communal standpipe.

Sanitation

The Council adopted the minimum level of sanitation service to be a sewer connection to each erven from water borne sewer reticulation, serving a flushing toilet system on the relevant erven.

Electricity

Indigent households in Matlosana area received 50 KWh of free electricity per 30 days period.

KEY SERVICES

The following statistics show the key services provided during the period under review:-

DETAIL	2004/05	2005/06	2006/07	INCREASE
Nr. of households electrified during year	300	1 200	1 801	601
Nr. of households provided with water	3 424	4 467	5 015	548
Nr. of new houses build	1 825	1 690	4 996	3 306
Collection levels for revenue due		84,94%	86,84%	1,9%

The total electricity and water consumption for the Matlosana area for the past 3 financial years are as follows:-

FINANCIAL YEAR	ELECTRICITY PURCHASED FROM ESKOM	WATER PURCHASED FROM MIDVAAL WATER COMPANY	ELECTRICITY DISTRIBUTION LOSSES	WATER DISTRIBUTION LOSSES
2004/05	548 290 858 Kwh	22 129 449 KI	17,36%	28,37%
2005/06	553 430 700 Kwh	22 593 861 KI	15,90%	28,28%
2006/07	546 499 242 Kwh	24 793 434 KI	10,80%	23,82%

BACKLOGS ON SERVICE DELIVERY

The biggest challenge for Council is not to create unrealistic expectations, but to develop a medium to long term strategy to address backlogs and to ensure that the community is involved, understand and adopt the strategies.



The following tables indicate the backlogs Council is facing regarding water, sanitation and housing:-

WATER BACKLOGS (6KI/month)	2004/2005			2005/2006			2005/2006		
	Backlogs	Target	Achieved	Backlogs	Target	Achieved	Backlogs	Target	Achieved
Nr. Households not receiving minimum standard of service	4 978	2 424	2 424	2 554	1 398	1 398	1 150	1 026	896
% - Households identified as backlogs / total households in municipality *	2,1	2.4	3,4	3,6	2,0	2,0	3	1,2	1,2
Spending on new infrastructure to eliminate backlogs (R'000)	9 956	4,13	4,13	5 108	2 498	2 498	2 610	2 610	2 610
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	-	3,01	3,01	-	8 794	8 794	-	5 451	5 451
Total spending to eliminate backlogs (R'000)	27 677	2 037	2 037	25 640	25 640	25 640	20 055	20 055	20 055
Spending on maintenance to ensure no new backlogs created (R'000)	113 664	113 664	113 664	122 850	122 850	122 850	212 962	212 962	212 962

* Based on total water metres = 75 621

SANITATION BACKLOGS	2004/2005			2005/2006			2006/2007		
	Backlogs	Target	Achieved	Backlogs	Target	Achieved	Backlogs	Target	Actual
Nr. Households not receiving minimum standard of service	16 194	1 662	1 662	14 532	1 752	1 752	14 402	0	0
% - Households identified as backlogs / total households in municipality	25,1*	1,9	1,9	16,9	2,05	2,05	1 646**	0	0
Spending on new infrastructure to eliminate backlogs (R'000)	74 842	29 225	29 225	45 617	45 617	45 617	37 316	37 316	37 316
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	24 817	8 335	8 335	16 482	16 482	16 482	23 398	23 398	23 398
Total spending to eliminate backlogs (R'000)	107 994	49 280	49 280	58 714	58 714	58 714	60 714	60 714	60 714
Spending on maintenance to ensure no new backlogs created (R'000)	48 610	48 610	48 610	56 096	56 096	56 096	56 096	56 096	56 096

* Additional erven developed since 2005 - 5 000 Scheme

** No of Households - 87 474



ROADS BACKLOGS	2004/2005			2005/2006			2006/2007		
	Backlogs	Target	Achieved	Backlogs	Target	Achieved	Backlogs	Target	Achieved
Nr. Km not providing minimum standard of service	614	5	5	660	23	23	659	8.4	8.4
% - Km identified as backlogs / total km	37,0	0,3	0,3	38,5	1,3	1,3	40	0.51	0.51
Spending on new infrastructure to eliminate backlogs (R'000)	550 000	2 900	2 900	920 000	29 200	29 200	1 169 300	14 905	14 905
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	127 000	-	-	150 000	6 050	6 050	21 000	3 500	3 500
Total spending to eliminate backlogs (R'000)	-	2 900	2 900	101 000	35 250	35 250	1 190 300	18 405	18 405
Spending on maintenance to ensure no new backlogs created (R'000)	-	22 300	22 300	30 000	27 300	27 300	101 000 45 000	35 250 27 700	35 250 27 700

REFUSE REMOVAL BACKLOGS	2004/2005			2005/2006			2006/2007		
	Backlogs	Target	Achieved	Backlogs	Target	Achieved	Backlogs	Target	Actual
Nr. Households not receiving minimum standard of service	No Backlogs	0	0	No Backlogs	0	0	No Backlogs	9 040	8 340
% - Households identified as backlogs / total households in municipality	0	0	0	0	0	0	0	0	0
Spending on new infrastructure to eliminate backlogs (R'000)	161 000	161 000	161 000	1 575 000	1 575 000	1575000	1 600 000	250 000	500 000
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	245 000	245 000	245 000	245 000	245 000	245 000	250 000	100 000	100 000
Total spending to eliminate backlogs (R'000)	0	0	0	0	0	0	0	0	0
Spending on maintenance to ensure no new backlogs created (R'000)	0	0	0	0	0	0	0	0	0



ELECTRICITY BACKLOGS (50Kwh/ month)	2004/2005			2005/2006			2006/2007		
	Backlogs	Target	Achieved	Backlogs	Target	Achieved	Backlogs	Target	Actual
Nr. Households not receiving minimum standard of service	1 000	680 000	680 000	No Backlogs	-	-	17 621	1 621	1 567
% - Households identified as backlogs / total households in municipality	-	-	-	-	-	-	42%	9%	8.9%
Spending on new infrastructure to eliminate backlogs (R'000)	-	408 000	392 000	-	185 000	179 520	2,265,000	2,265,000	2,265,000
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	-	0	0	-	941 189	941 189	7,000,000	7,000,000	7,096,279
Total spending to eliminate backlogs (R'000)	-	680	680	-	4,5m	4,5m	9,196,200	9,196,200	9,196,200
Spending on maintenance to ensure no new backlogs created (R'000)	-	2,87m	2,87m	-	3,51m	3,50m	8,2m	8,2m	8,2m

CHALLENGES ON BACKLOGS

Sanitation

Resources to eradicate sanitation backlogs in the short term are not sufficient, but major progress has been made in eliminating the bucket system that should be completely phased out by the end of 2007.

A program to eliminate the night soil bucket system is as follows:-

BACKLOGS	2005/06	2006/07	2007/08	2008/09
Statuary backlogs	27 827	13 568	13 568	0
Minus erven being developed	9 090	0	0	0
Current number of night soil buckets	18 737	13 568	13 568	0
Eradicate during financial year	5 169	500	13 568	0
Number of buckets at end of financial year	13 568	13 568	0	0

All new housing projects will be equipped with a proper sewerage from the outset.

Electricity

The Eskom has a backlog of 17 621 households that do not have access to Free Basic Electricity as per our indigent data register.

50 Kwh of electricity per household per month is required to meet the minimum service standard.

Street lighting remains a challenge in some areas. To address this challenge, applications are submitted with business plans to the MIG for funding in addition to the funds provided through the IDP in the Council's budget.

Municipal Infrastructure

Aging municipal infrastructure is another challenge Council needs to address. More budgetary attention has been given to the aging municipal infrastructure for maintenance of the present assets, such as roads, electricity network,



water reticulation and sanitation systems. Some of the projects identified for the 2007/2008 financial year are listed as follows:-

- Replacement of Water Meters
- IDP Reline Van Riebeeck Road Water Main
- Upgrading of Orkney Water Treatment Works
- Reline Orkney: Construction of Outfall Sewer
- Resealing of Roads: City of Matlosana
- Street names
- Provision of guidance signs within KOSH area
- Provision of Taxi lay byes within KOSH area
- Upgrading of Highmast Lights (All areas)
- Upgrading 11Kw Distribution Network Northern Suburbs
- Upgrading Substation Hartbeesfontein
- Replace Kiosk with Mini Substation

Payment Rates

The payment of rates and services of 86.2% have been currently achieved, but still does remain a challenge when compared to the number of households.

This will also be a challenge to all Councillors to improve the situation.

Roads

The former Townships have mainly gravel and graded roads. The tarring taxi routes are in process and are money provided yearly on the budget for this purpose. MIG funding was approved for the tarring/paving of taxi routes in the 2008/09 financial year.

Housing

Due to the rapid urbanization and the economic factors prevailing, it is difficult to keep up with demanded provision of housing for all deserving households. While a huge housing stock has been recently delivered by this municipality through normal housing subsidies, other options, such as public private partnerships to produce social housing are being examined in addition with what is provided for in the IDP.

Job Creation

At present some jobs are being created through projects financed by MIG funds and these will continue for as long as funding is available for such projects.

Along with this support is given to SMME's for establishing own steady businesses that in turn create jobs. Business plans are also been submitted to possible funders for the establishment of sustainable projects that can provide long term jobs.

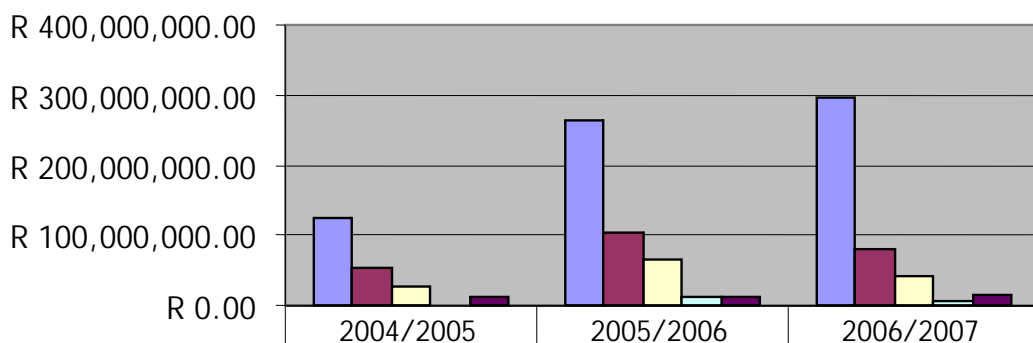
BUILDING PLANS

The following table indicate the number of applications for building plans received for 2005/2006 and 2006/07, as well as the outstanding building plan applications as on 30 June 2007:-

Building Plans	2005/2006		2006/2007		
	Applications Outstanding 1 July 2005	Applications Received 2005/2006	Applications Outstanding 1 July 2006	Applications Received 2006/2007	Applications Outstanding 30 June 2007
Residential New	80	730	98	754	180
Residential Additions	80	384	7	625	120
Commercial	5	15	0	19	6
Industrial	0	19	1	6	1
Other	40	311	4	872	134

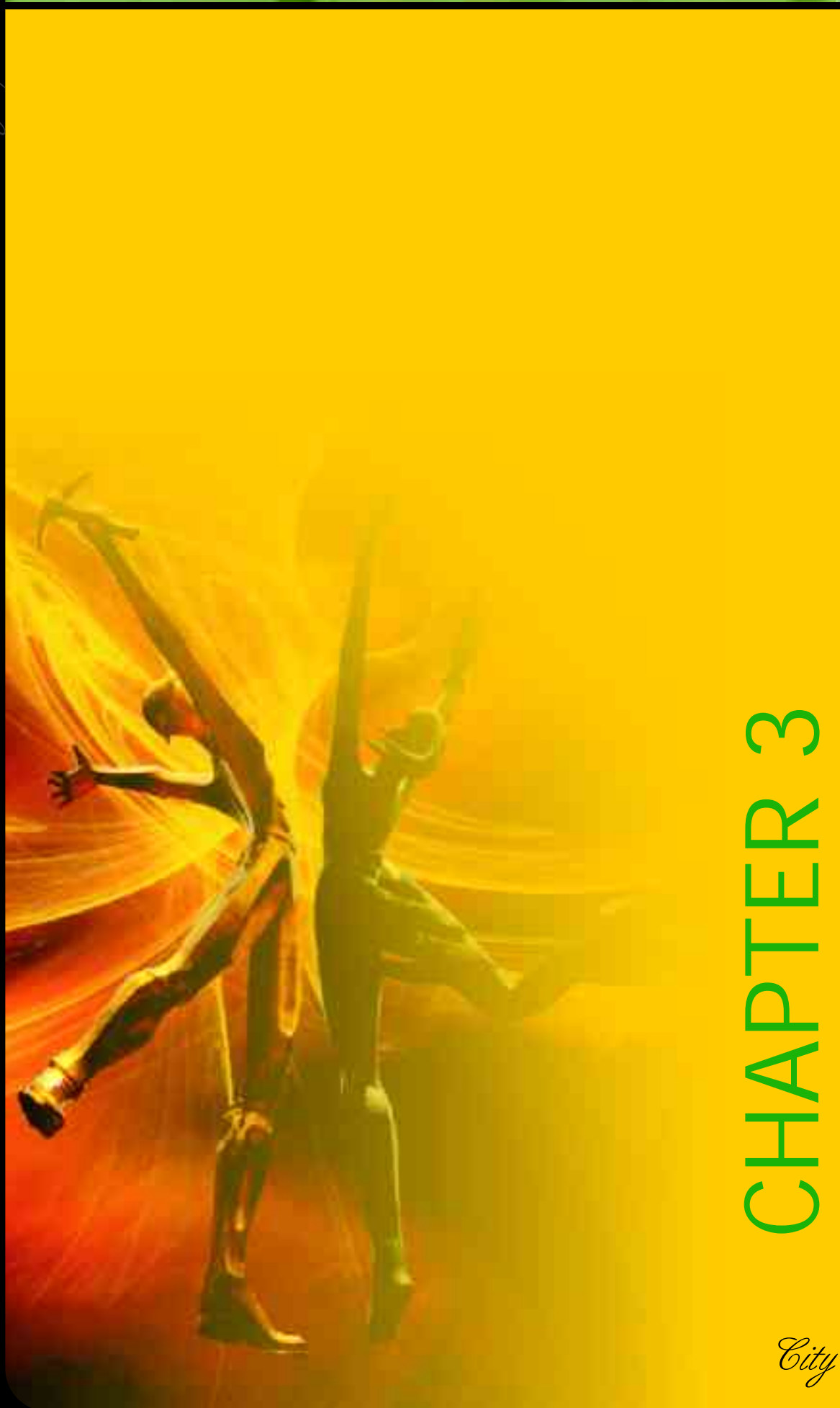


TOTAL VALUE OF APPLICATIONS RECEIVED IN RAND



	2004/2005	2005/2006	2006/2007
New Residential	R 124,000,000.00	R 262,795,800.00	R 295,203,800.00
Residential Additions	R 54,384,800.00	R 104,000,000.00	R 80,053,800.00
Commercial	R 27,000,000.00	R 64,621,700.00	R 40,187,300.00
Industrial	R 100,000.00	R 11,097,300.00	R 5,259,100.00
Other	R 13,000,000.00	R 12,838,000.00	R 14,469,500.00





CHAPTER 3

Human Resources And Other Organizational Management

Human Resources And Other Organizational Management

ORGANIZATIONAL STRUCTURE

With the adoption of a new vision and strategy for Matlosana (Agenda 16) a new top level organizational structure was approved. The structure makes provision for five directorates and a support services unit in the Office of the Municipal Manager.

The directorates and support services unit is directly accountable to the Municipal Manager, which narrows the span of responsibility and ensure better management and control. It also addresses current legislation and Council's aim in alleviating poverty, creating of jobs and to enhance economic growth.

The top level organizational structure is as follows:-

- Municipal Support Services Unit
- Directorate Infrastructure & Utilities
- Directorate Finance
- Directorate Corporate Governance
- Directorate Municipal & Social Services
- Directorate Economic Growth

At closing of the financial year, a total of 2 732 posts exist on the organogram, with a total of 1 886 posts filled and 846 posts vacant.

The approved top-level organizational structure appears on page 26.

Job Evaluation

At the end of June 2007, approximately 80% of the job descriptions for all approved posts on Council's organogram were completed and submitted to the Task Job Evaluation Committee for evaluation.

Performance Management

The objective of Performance Management is to improve the performance of the municipality as guided by the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (MSA), Local Government: Municipal Planning and Performance Management Regulations, 2001 and Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

In terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) the City of Matlosana is classified as high capacity municipality and is required to compile a service delivery and budget implementation plan (SDBIP) for each financial year.

The SDBIP comprise the following key components:-

- Monthly projections by source;
- Monthly projections of capital and operating expenditure and revenue by vote;
- Quarterly projections of service delivery targets and performance indicators by vote;
- Ward information for expenditure and service delivery; and
- A detailed capital works plan.

The 2006/2007, SDBIP provided an implementation tool for Council to strengthen local accountability and governance and to improve capital spending and service delivery.

The SDBIP outlined the key performance objectives and indicators as well as quarterly projections of service delivery targets and actual targets achieved.

The SDBIP ensured proper monitoring of key strategic priorities, but also served as the annual performance contracts for section 57 employees.

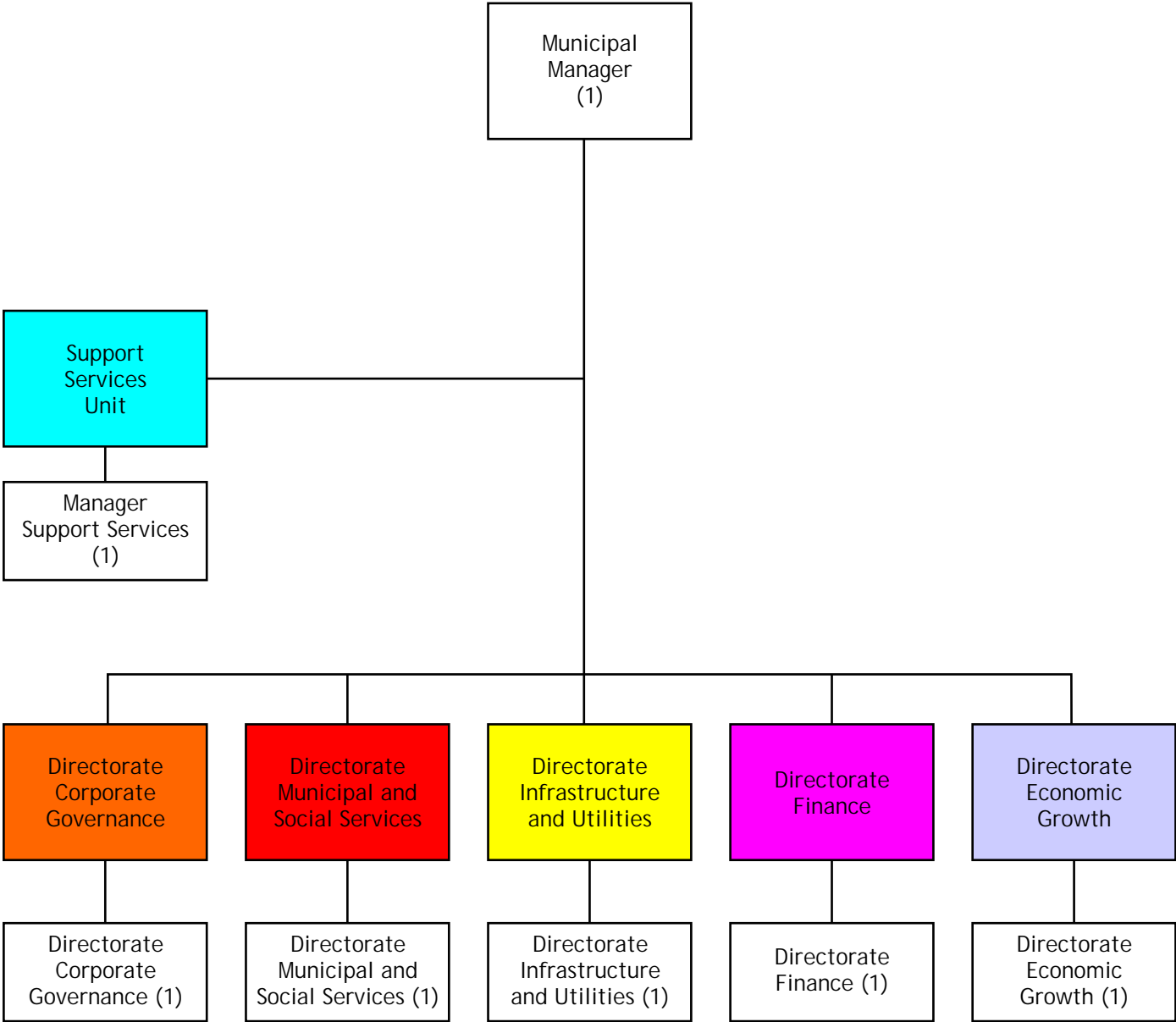


It empowered Councillors, specifically facilitating engagement at ward level, to undertake the appropriate oversight and the monitoring of programmes.

The Executive Mayor approved the 2007/2008 SDBIP and performance agreements on 28 June 2007. These documents will be used for monitoring performance of directors and departments in the new financial year.

The Performance Management System of Council becomes more efficient and effective every year. The Performance Management System for the 2007/2008 financial year will be entering a new phase, as a management information system and action tracker was purchased. The Service Delivery and Budget Implementation Plan will be computerized, which will ensure regular monitoring and reviewing of strategic programmes and IDP priorities of Council. Roll-out of the system and training will commence early in the new financial year.

CITY OF MATLOSANA - TOP LEVEL STRUCTURE



TOTAL POSTS = 7



STAFF & EMPLOYMENT EQUITY PROFILE

The tables below reflect the number of approved, filled and vacant positions per department and a breakdown of staff per occupational category and gender:-

Breakdown of staff per occupational category and gender

Occupational Categories	Male				Female				TOTAL
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Legislators, senior officials and managers	19	0	0	16	4	0	0	2	41
Professionals	27	4	0	32	18	1	0	19	101
Technicians and associate professions	25	8	0	23	3	0	0	2	61
Clerks	62	4	0	12	122	10	3	59	272
Service and sales workers	82	8	1	27	83	3	0	9	213
Skilled agricultural and fishery workers	0	0	0	4	1	0	0	0	5
Craft and related trades workers	58	4	1	27	2	0	0	0	92
Plant and machine operators & assemblers	140	4	0	4	2	0	0	0	150
Elementary occupations	782	5	1	3	137	1	0	0	929
TOTAL	1195	37	3	148	372	15	3	91	1864
Non-Permanent Employees	17	0	0	0	4	0	0	1	22
GRAND TOTAL	1212	37	3	148	376	15	3	92	1886

Total number of staff (excluding temporary employees)

DEPARTMENTS	APPROVED POSTS	FILLED POSTS	VACANT POSTS
Office Of The Municipal Manager	26	18	8
Civil Engineering Services	551	382	169
Financial Services	193	142	51
Community Services	993	713	280
Housing Services	40	20	20
Fresh Produce Market	41	37	4
Electrical Services	216	134	82
Corporate Services	136	104	32
Health Services	180	74	106
Public Safety	343	232	111
Economic Affairs & Corporate Communication	13	8	5
TOTAL	2 732	1864	868



Employment equity profile

Post Level	2005/2006								2006/2007							
	Male				Female				Male				Female			
	B	C	I	W	B	C	I	W	B	C	I	W	B	C	I	W
0	2	0	0	1	0	0	0	0	3	0	0	2	1	0	0	0
1	2	0	0	3	1	0	0	0	1	0	0	2	1	0	0	0
2	7	0	0	2	1	0	0	0	6	0	0	2	0	0	0	0
3	9	0	0	8	1	0	0	1	9	0	0	10	4	0	0	2
4	2	0	0	4	2	0	0	2	2	0	0	4	1	0	0	2
5	12	2	0	11	4	0	0	6	13	2	0	12	5	0	0	5
6	8	2	0	10	6	0	0	6	12	2	0	9	11	0	0	8
7	14	1	0	9	6	0	0	5	16	1	0	14	3	0	0	5
8	10	1	1	14	8	0	0	7	11	5	1	17	10	1	0	7
9	32	6	0	30	34	1	0	10	29	7	0	29	22	0	0	6
10	40	3	0	16	19	0	2	27	38	3	1	12	19	1	1	20
11	18	1	0	14	13	1	0	12	23	1	0	2	13	1	0	12
12	52	7	0	13	19	2	1	4	61	6	0	14	22	1	1	4
13	27	0	0	7	22	3	0	9	36	1	0	7	40	3	0	12
14	30	2	1	0	23	3	0	0	32	2	0	0	39	2	0	1
15	95	2	0	1	45	5	0	15	102	2	0	4	46	5	1	7
16	58	2	0	6	9	0	0	0	53	0	0	6	7	0	0	0
17	111	2	1	2	7	0	0	0	124	2	1	0	1	0	0	0
18	17	0	0	0	10	1	0	1	16	0	0	0	8	1	0	0
19	616	1	0	2	72	1	0	0	608	3	0	2	119	0	0	0
Total	1162	31	3	153	302	17	3	104	1195	37	3	148	372	15	3	91
Grand Total	1 775								1864							

SKILLS INFORMATION

The following training has been provided in the various occupation categories to improve skills development:-

Occupational Categories	Post Levels	Male				Female				TOTAL
		Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Legislators, senior officials and managers	0-3	35	0	0	5	31	0	0	5	76
Professionals	4-6	25	5	0	5	10	0	0	5	50
Technicians & associate professions	7-9	10	0	0	15	2	0	0	0	47
Clerks	10	10	2	0	5	10	3	0	10	40
Service and sales workers	10	5	2	0	5	2	0	0	1	15
Skilled agricultural and fishery workers	10	0	0	0	0	0	0	0	0	0
Craft and related trades workers	11-12	15	8	0	10	5	0	0	0	38
Plant and machine operators & assemblers	13-15	15	0	0	0	0	0	0	0	15
Elementary occupations	16-19	67	0	0	0	32	0	0	0	99
TOTAL		182	17	0	45	92	3	0	20	359



The following table indicate Council's actual training expenditure and levies paid, as well as monies received from SETA for the Financial Years 2004/2005, 2005/2006 and 2006/2007:-

DETAIL	2004/2005	2005/2006	2006/2007
Expenditure & Levies	R1,730,060	R2,261,233	R2,455,614
SETA	R298,509	R1,234,669	R795,911

TOTAL PERSONNEL EXPENDITURE TRENDS IN THE LAST FOUR YEARS

The following table reflects the total personnel expenditure trends from 2004 to 2007:-

FINANCIAL YEAR	R	% OF TOTAL BUDGET
2004/2005	185,665,931.76	30.42%
2005/2006	186,304,754.00	25.00%
2006/2007	206,210,619.00	28.25%

PENSION AND MEDICAL AID FUNDS

Pension Funds

The composition of membership per pension and provident fund was as follows:-

PENSION FUND	NUMBER OF MEMBERS
Municipal Gratuity Fund	953
National Fund for Municipal Workers	245
Group Fund for Municipal Workers	237
Joint Municipal Pension fund	55
Sala Pension Fund	132
Municipal Councillors Pension Fund	58
Municipal Employees Pension Fund	429
Meshawu Pension fund	5
Samwu Pension Fund	21
Total	2 135

The Council's budget for the 2006/2007 Financial Year pertaining to the employers' contribution to pension and provident funds was R31,985,619.

Medical Aid Funds

The medical aid funds are accredited by the South African Local Government Bargaining Council (SALGBC). The Council's budget for the 2006/2007 Financial Year pertaining to the employer's contribution to medical aid funds was R17,208,499.

Membership of the medical aid funds were as follows:-

MEDICAL AID FUND	NUMBER OF MEMBERS	EMPLOYER'S CONTRIBUTION
Munimed	257	6129820.43
Hosmed	194	3617689.19
Bonitas	238	3401536.80
Global Health	5	111156.36
LA Health	74	521956.80
Medshield	3	59847.48
Samwu Med	136	889479.60
Profmed	1	12168.00
Total	909	R14,743,654.66



OUTSTANDING MONIES

Outstanding monies owed to the municipality by Councillors and staff are as follows:

The following Councillors had arrear accounts outstanding for more than 90 days at :	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councillor Dodovu TS	2 171	450	1 721
Councillor Mohoase PL	9 634	386	9 248
Councillor Pooe PR	269	167	102
Councillor Sethunya MP	16 068	4 591	11 477
Councillor Sishuba MS	238	234	4
Total Councillor Arrear Consumer Accounts	28 381	5 829	22 552

Personnel Detail	Employee Number	Present Arrears Jun-07
		R
Baholo N	450123	4,101.04
Bhiyo MJ	22805	7,860.28
Bosman A	12770	1,941.70
Chaka NS	51038	2,360.01
Choma MI/SA	97000	1,402.29
Coetzee JC	059	112.91
Dumasi SP	51027	721.08
Dupper CJ	4011	624.02
Fihla M	22904	2,809.21
Fourie SAB	48155	7,116.02
Gcuwa NF	48425	7,441.03
Gwanda W	01110	658.60
Jas T	200129	1,437.64
Kalane PD	30090	2,611.05
Kgalapa MS	72454	3,539.63
Khulu MI	46404	847.44
Khumalo C	30088	7,363.71
Krisjan TS	23198	3,384.57
Kruger M/E	10175	815.24
Leeto T	20123	3,192.09
Lefu	22820	3,194.57
Leokaoke AM	51035	2,145.69
Mahloane MB	1079	800.30
Makanya TS	500006	3,343.16
Maponya WK	96904	1,103.01
Mariti TI	00192	5,951.76
Masawe TP	22937	4,982.10
Mashwabane TI	12606	720.36
Matenche NP	300301	6,816.45
Matsitla MA	926	3,476.85
Matsoetlane PP	28007	11,625.84
Matsoetlane PP	28007	2,870.58
May JH	23194	3,358.24
Mdingi SM	150322	4,355.31
Mkhandlwana M	500004	5,294.45
Mkino TA	86400	1,037.94
MIoma C	350050	10,228.21
Mnisi V	12938	7,190.41
Moabi PM	48477	2,199.92



DISCLOSURE CONCERNING EXECUTIVE COUNCILLORS AND DIRECTORS

The following table reflects the remuneration for Executive Councillors and directors:-

REMUNERATION OF COUNCILORS			2007
			R
Executive Mayor			458 004
Speaker			361 891
Mayoral Committee Members (Councillors: 8)			3 207 666
Councillors (Councillors: 51)			6 785 132
Councillors pension contribution			0
Councillors medical contribution			0
Total Councillors' Remuneration			10 812 693
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle for official duties.			

Remuneration of the Municipal Manager			2007
			R
Annual Remuneration : Package			447 750
Performance Bonuses			60 589
Car Allowance			0
Contributions to UIF, Medical and Pension Funds			0
Total			508 339
Remuneration of the Chief Finance Officer			
Annual Remuneration : Package (Section 57 appointment from 15 March 2007)			187 456
Performance Bonuses			0
Car Allowance			0
Contributions to UIF, Medical and Pension Funds			0
Total			187 456

Remuneration of Managers	2007 R	2007 R	2007 R	2007 R
	Director Infrastructure & Utilities : Section 57 appointment from 1 July 2007	Director Municipal & Social Services : Section 57 appointment from 4 December 2006	Director Corporate Services & Governance : Section 57 appointment from 12 January 2007	Director Economic Development & Procurement : Section 57 appointment from 1 January 2007
Annual Remuneration : Package	0	365 122	303 452	276 923
Performance Bonuses	0	0	0	0
Car Allowance	0	0	0	0
Contributions to UIF, Medical and Pension Funds	0	0	0	0
Total	0	365 122	303 452	276 923





CHAPTER 4

Audited Financial Statements And Related Financial Information

REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL AND THE NORTH WEST PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE CITY OF MATLOSANA FOR THE YEAR ENDED 30 JUNE 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the City of Matlosana which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages 40 to 97.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing. Because of the matters discussed in the basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury as set out in accounting policy note 1.

Basis for disclaimer of opinion

5. Property, plant and equipment: Infrastructure assets

I was unable to obtain sufficient, appropriate audit evidence for infrastructure assets with a carrying value of R423 907 218 included in note 9 to the financial statements, due to inadequate information in the asset register regarding the descriptions, location and cost of infrastructure assets as required by GAMAP 17 (Property, plant and equipment). The municipality's records did not permit the application of alternative audit procedures regarding these assets. Consequently I did not obtain sufficient, appropriate audit evidence I considered necessary to establish the existence, completeness, valuation and allocation and rights and obligations of infrastructure assets.

6. Long and short-term receivables - Housing

I was unable to obtain accounting records and supporting documentation for housing debtors included in long-term receivables and other debtors, due to a limitation of scope imposed by the municipality. The entities records did not permit the application of alternative audit procedures. Consequently I did not obtain sufficient, appropriate audit evidence to determine the existence, completeness, valuation and allocation and rights and obligations of long-term receivables of R12 252 520 and current housing debtors of R17 103 215 disclosed in notes 10 and 13 to the financial statements respectively. This matter was also reported in the prior year audit report.



7. Other debtors

I was unable to obtain sufficient, appropriate audit evidence for debtors of R43 069 600 included in other debtors of R69 887 697 disclosed in note 13 to the financial statements, due to the failure of management to provide supporting documentation/information. Consequently I could not confirm the completeness, existence and accuracy of the amount of debtors reflected in note 13. Furthermore, alternative procedures performed indicated that these debtors were irrecoverable. Consequently, other debtors and equity were overstated by approximately R43 069 600.

8. Long-term liabilities

Following the altered functions and powers of the municipality determined by the Minister for Provincial and Local Government as per Government Notice 821 of 2003, issued in Government Gazette No. 25076 of 13 June 2003, certain assets and liabilities on bulk water and sewerage services were to be transferred from the Southern District Municipality to the City of Matlosana. To date of this report no long-term liabilities or infrastructure assets had been transferred, resulting in long-term liabilities being understated by R34 371 717 and infrastructure assets being understated by at least the same amount.

9. Government Grant Reserve and Donations and Public Contribution Reserve

The combined carrying value of property, plant and equipment of R351 003 391 financed by the Government Grant Reserve and the Donations and Public Contribution Reserve as per the accounting records, differed with the combined balance of R338 978 700 of these reserves as disclosed in the Statement of Financial Position. I was unable to obtain explanations for the difference of R12 024 691. The municipality's accounting records did not permit the performance of alternative audit procedures in this regard. Consequently I was unable to determine the completeness, valuation and allocation of these reserves.

10. Provision for bad debts

The municipality's approved policy for the calculation of the provision for bad debts was not reasonable due to the fact that it was based on the prior year age analysis. Furthermore, the calculation for the provision for bad debts of R430 188 290 disclosed in note 12 to the financial statements was also not done in terms of the approved policy. A re-calculation performed during the audit, based on the year under review's age analysis indicated that the provision was underprovided by approximately R9,5 million. Consequently I was unable to determine the accuracy, completeness and presentation and disclosure of the provision for bad debts.

Disclaimer of opinion

11. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the City of Matlosana. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matter

I draw attention to the following matters:

12. Basis of accounting (departures and deviations)

As set out in accounting policy note 1 the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of Government Notice 552 of 2007 issued in Government Gazette 30013 of 29 June 2007.

13. Late finalisation of the audit report

In terms of section 126(3)(b) of the MFMA I am required to submit my report to the Municipal Manager within three months of the receipt of the financial statements. In the interest of improving accountability and due to the process implemented by me to ensure consistency in the manner in which material audit findings are reported I have delayed the finalisation of my report to 30 April 2008.



OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

14. Non-compliance with laws and regulations:

- a) Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)
 - Contrary to section 62(c)(i), the municipality did not have a risk management policy.
- b) Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)
 - Contrary to section 104, council did not have a fraud prevention plan.
 - Contrary to paragraph 12A of schedule 1, five councilors had consumer accounts outstanding for longer than 90 days as at 30 June 2007 as disclosed in note 33.6 to the financial statements.
 - Contrary to paragraph 10 of schedule 2, the consumer accounts of staff members outstanding for longer than 90 days as at 30 June 2007 amounted to R17 347. Mayoral Committee resolution 460/2002 dated 20 May 2002 to clear the consumer accounts of council and staff members has thus also not been adhered to.
- c) Value Added Tax Act, 1991 (Act no. 89 of 1991)
 - In terms of an amendment of section 20(4) effective from 1 March 2005, the VAT registration numbers of both user and supplier must be disclosed on invoices exceeding R3 000. Council's invoices do not meet this requirement, nor are there measures to ensure that invoices of suppliers to council, comply in this regard.

15. Matters of governance

- a) The internal audit function did not function effectively during the year, due to weaknesses identified in their audit approach and methodology, audit reporting and quality assurance.
- b) Due to several shortcomings regarding the requirements of section 166 of the MFMA, the audit committee did not function effectively during the year.

16. Material corrections made to the financial statements submitted for audit.

- a) Debit balances of R12 513 469 and credit balances of R16 646 668 incorrectly included as correction of errors in the Statement of Changes in Net Assets, was rectified.
- b) A difference of R10 595 750 in the amounts disclosed for the purchase of property, plant and equipment between the cash flow statement and appendix B, was corrected in the cash flow statement.

17. Value for money

A documented human resource plan was not in place during the year under review. At year-end a vacancy rate of 31% existed within the municipality, resulting in undue stress being placed on current employees and negatively affecting service delivery and the finance functions of the municipality.

18. Internal control

Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies exist in more than one internal control component.



Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for disclaimer of opinion					
Property, plant and equipment			X		X
Long and short-term receivables-Housing	X				
Other debtors					X
Long-term liabilities	X				
Reserves	X				
Provision for bad debts					X
Emphasis of matter					
Basis of accounting					X
Other matters					
Non-compliance with laws and regulations	X		X	X	X
Matters of governance		X			
Material corrections made to financial statements					X
Value for money	X				

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

19. I have audited the performance information as set out on pages 17 to 31 and 107 to 224.

Responsibility of the accounting officer for the performance information

20. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the MSA.

Responsibility of the Auditor-General

21. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.
22. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
23. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.



Audit findings (performance information)

24. Non-compliance with regulatory requirements

- a) Contrary to sections 126(1) and 126(3), the performance report was not presented for audit within two months after the financial year-end.
- b) Contrary to section 26(c) of the MSA, the IDP did not reflect council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs.
- c) In terms of section 41(2) of the MSA, the performance management system must be devised in such a way that it may serve as an early warning indicator of under-performance. As confirmed by the internal audit performance report, the performance management policy framework of council did not meet this requirement.
- d) The key performance indicators set by the council did not include the general key performance indicators as prescribed in terms of section 43(1) of the MSA.
- e) Contrary to section 41(1) of the MSA, quarterly performance reports was not properly reviewed by the required officials.
- f) Contrary to section 44 of the MSA, the performance management policy framework of council did not provide for targets set by the municipality to be made known internally and to the general public.
- g) In terms of Regulation 6 of the Municipal Planning and Performance Management Regulations, 2001 (MPPMR), the allocation of resources in the municipality's annual budget (financial plan include budget projection for at least the next three years) should be based on the development priorities and objectives as well as the performance targets set by the municipality. The performance management policy framework of council did not meet this requirement.
- h) Contrary to Regulation 9(1)(a) of the MPPMR, key performance indicators were not set in respect of each of the development priorities and objectives referred to in section 26(c) of the MSA.
- i) Contrary to Regulation 14(2) of the MPPMR, the council did not budget or appoint a performance audit committee, neither was another audit committee utilised as the performance audit committee during the financial year 2006/07.

25. Measurable objectives not consistent

I draw attention to the fact that the measurable objectives reported in the performance report of the City of Matlosana are materially inconsistent when compared with the predetermined objectives as per the IDP. The following table reflects these differences:

IDP objectives	Budget objectives	Objectives per performance report
Local economic development	None	Accelerated economic growth, Poverty relief, Job creation, LED and RED
Spatial development	None	Democratic governance
Infrastructure	None	Infrastructure & utility needs
Environment	None	Excellence & Transformation, Leadership, Management and Governance
Social facilities	None	Quality municipal & social services
Manpower/financial sustainability	None	Financial sustainability

APPRECIATION

26. The assistance rendered by the staff of the City of Matlosana during the audit is sincerely appreciated.

Auditor General
Pretoria,
23/05/2008



AUDITOR-GENERAL

City of Matlosana

ANNUAL REPORT 2006 - 2007

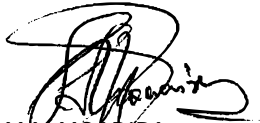


DECLARATION OF ACCOUNTING OFFICER

for the year ended 30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 61 to 104, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



M M MOADIRA
Municipal Manager

31 August 2007
Date

REGISTERED OFFICE:

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KLERKSDORP
2570

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FOREWORD

At the end of a financial cycle, it is always exciting to evaluate and analyze not only the financial results, but also how finances contribute to the improvement of the living standards of our community. The financial planning and accountability reform initiatives of Government were a priority in the past year and huge progress was made towards the full implementation of the reform. It does me proud to report on the successes for the year under review.

The budget cycle started long before the start of the financial year with financial planning and information sessions in an effort to make the process much more transparent. The budget was discussed widely with the community, community structures, non-governmental organs and political structures.

This was used as the basis to set the strategic and political direction through an Integrated Development Plan and budget.

Regular reporting kept the Executive Mayor and Council abreast of the financial position of Council. The Executive Mayor submitted an adjustment budget during January 2007. The purpose of the adjustment budget was to speed-up the delivery process.

The commitment of the staff again ensured that the Annual Financial Statements would be completed within the prescribed period. The finalization of the 2006/2007 Annual Financial Statements and year-end processes went exceptionally well. If compared with previous financial years, it proves that the necessary capacity is developing well in Council.

It must further be mentioned that the Annual Financial Statements were prepared in accordance with new South Africa Statements of Generally Recognized Accounting Practice (GRAP) principles, which does our City proud and should contribute towards the eventual goal to be one of the best performing Municipalities in the country.

The financial results for the year are positive and resulted in an operating surplus of R40.1 million. The financial report of the Chief Financial Officer elaborates on the reasons for the surplus. Capital investment in the community for the year amounted to R168 million. This was not all done with own or borrowed sources but a major portion came from Government in the form of municipal infrastructure grants

The possible utilization of the surplus of 2006/07 financial-year will be discussed during an adjustment budget.

Unfortunately, the payment situation is still not under control and although improvements have been made, the outstanding debtors remain a great concern. The payment situation improved to an average of 85% for this financial period. Although the non-payment is managed, it is not acceptable that money that is supposed to be used for development is absorbed as provision for bad debt.

We are also grateful for the phenomenal growth of both residential and business development in our City. More incentives are needed to make the City more attractive to gain the confidence of investors in the commercial sector and to promote job creation.

We are ready to face the next step in the future of the City and to make it an even better place to live in.

A special word of thanks needs to be conveyed to the Chief Financial Officer and his personnel for ensuring that the financial administration was done in a manner that enabled them to produce this set of Annual Financial Statements timeously and in terms of the required standards.

My appreciation to the Executive Mayor, Mayoral Committee, Councillors, Municipal Manager, Departmental Heads and all other personnel for their support, cooperation and hard work that made the past year so successful.



Councilor J Douw
MMC Finance and Debt Normalization



REPORT OF THE CHIEF FINANCIAL OFFICER

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

By: Chief Financial Officer (I.J. Haarhoff)

I have pleasure in presenting my annual financial report together with the Financial Statements, which are still subject to audit, for the year ended 30 June 2007.

1. INTRODUCTION

One of the six strategic pillars that form strategic focus of Matlosana Municipality is financial stability. The City again addressed key issues designed to make it financially viable and to develop it as a preferred investment destination. In his budget speech for the 2006/2007 financial year, the Executive Mayor emphasized the fact that the City must be taken to the majestic heights by creating a financially stable municipality that will be able to carry out its Constitutional obligations to the community that it serves. It includes promoting community participation that will install civic patriotism and pride as well as a vibrant awareness in our projected R1 billion budget and how it is linked to the Integrated Development Plan (IDP). The plans that were put in place to improve financial management include, budget reform, the implementation of improved asset registers (in progress), bringing accounting systems in line with General Accepted Accounting Practices (GAMAP), certain Standards of General Recognized Accounting Practices (GRAP) as well as moving towards compliance with International reporting and accounting standards. The performance driven management will further enhance service delivery and is aimed to hold the different divisions of Council accountable for their actions. This is not only aimed at council employees but includes councillors. The results are reported to the public every year and proper oversight exists that will monitor progress and performance. All these measures are aimed at improving effectiveness, efficiency and promote the economical usage of limited resources.



Financial stability is further achieved by the following basic principles that are applied in Council on a regular basis.

- Focus on long- and short term financial objectives.
- Maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations.
- Apply debt collection policies, which maximize collection while providing relief to indigent consumers.
- Apply the concept of free basic services to the poor.
- Maintaining assets in a responsible manner.
- Provide a framework for prudent use of debt financing.
- Direct the city's financial resources towards meeting the goals of the city in terms of the Integrated Development Plan (IDP).
- Develop and implement internal controls.

The spending on capital infrastructure is covered in the report and it is obvious that the capital program has been excelled to keep pace with the marching order targets set for 2008. Grant funding and equitable share from National Government has made a huge difference and it has provided an opportunity for local government to start making a noticeable change to service delivery.

A credit rating of the financial position of Council was done in 2005/6 based on the financial statements of 2004/05. Although no rating was done in 2006/7, it is my opinion that the financial rating should be better than the BBB (sufficient ability to repay long-term debt) and the A2 rating for short-term.

Local Government is going through a phase of tremendous changes in legislation and accounting standards. The Municipal Finance Management Act (MFMA) is the main piece of legislation that controls financial management and accountability. Huge progress has been made in Matlosana with the implementation of the Act. Although it is a requirement that the MFMA must be complied with in full, it is also obvious that an Act is a living document and changes in the implementation thereof will be made for practical purposes over time.



The original budget for the year was approved during May 2006. During the reporting period, an adjustment budget was presented and approved by Council. The 2006/07 budget provided for additional resources allocated towards the improvement of services delivery. Information on the original budget as well as the adjusted budget is included in this report. The adjusted budget also includes transfer of funds to cover over- and under-expenditures.

2. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with the basis of presentation as indicated in the accounting policies, which is attached to the Annual Financial Statements.

The Annual Financial Statements is based on the following principals:

- The new budget formats prescribed by National Treasury
- Accordance with South Africa Statements of Generally Recognized Accounting Practice.
- Certain International Accounting Standards.
- The Municipal Finance Management Act.
- The Division of Revenue Act.
- Other legislation applicable to municipal finance management.

Certain of the new accounting standards have been exempted by the Minister of Finance. These exemptions have been indicated in the accounting policy. Some of the exemptions have been implemented because the process of change to the new standards was already done in the previous financial year. The exemptions that have not been implemented at this stage are the following.

Standard	Description of standard	Extend to which the information in the financial statement has to be changed
GAMAP 12	Inventories (Accept Exemption in so far as the water stock is concern)	This will only effect the statement of financial performance as far as the cost of goods sold is concern. The statement of financial position will be effected by the stock on hand. The problem is the calculation of the amount of water that will be in the distribution network at the 30 June of each year.
GAMAP 17	Property, plant and equipment (Note exemption of certain aspects of the standard in Notice 522) (Accept Exemption)	It is envisaged that the value of PPE will escalate once impairment and useful life of assets are done in terms of the statement. The cost of administration to implement the exemption is envisaged to be quite high in relation to the benefit to local government.
IAS 39 (AC 133)	Financial instruments: Recognition and measurement (Note exemption of certain aspects of standar d in Notice 522) (Accept Exemption)	The implication of this standard on the changes to financial systems will be tremendous and might even increase the administration cost. As far as the statements are concern, very little benefit will derive from the implementation of it.
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance (to the extent that it does not contradict GAMAP 9)	Limited changes to the accounting system are expected. As far as the statements are, concern m ore detail reporting will result from the implementation of this standard.



IAS 40 (AC 135)	Investment property (Note exemption of certain aspects of standard in Notice 522) (Accept exemption on the portion of "fair value")	The determination of "fair value" is problematic. It is foreseen that the values will change very regularly, which can complicate report on a consistent basis.
IFRS 7 (AC 144)	Financial Instruments (Accept Exemption)	Limited impact on the financial information is foreseen.
IAS 14 (AC 115)	Segment Reporting (Accept Exemption)	This standpoint is the biggest challenge and it is not foreseen that local government will be in a position to implement it. The extent of reporting on this matter will never be cost effective and will complicate financial statements for the user.
IFRS 8 (AC 145)	Operating Segments (Accept Exemption)	The same as the previous one.

3. OPERATING RESULTS

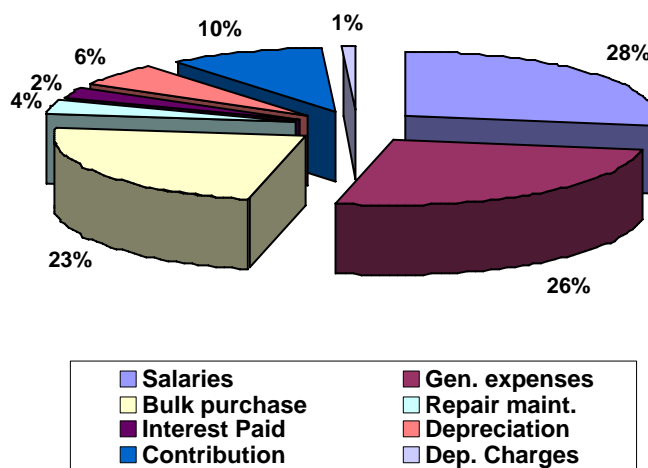
The overall operating performance and operating results for the financial year are favorable considering that the operational surplus before transfers for the year was R31 million against the original budgeted surplus of R40 012. The reason for the huge difference will be explained later in the report. The following table provides a summary of the Original Budget, the Adjustment Budget that was approved in January 2007 and then the actual results for the year under review in comparison with the results of the previous year.

Description	Budget 2007	Adjusted Budget 2007	Actual 2007	Variance Actual Adjusted Budget	Actual 2006
	R	R	R	%	R
REVENUE					
Operating revenue for the year	710 383 620	747 321 014	778 073 535	4.12%	731 572 217
Offsetting from Reserves	19 619 807	22 386 270	148 588 990		29 800 726
	730 003 427	769 707 284	926 662 525		761 372 943
EXPENDITURE					
Operating expenditure for the year.	729 322 915	769 224 034	746 864 573	(2.9%)	639 921 995
Transfers to Reserves	640 500	483 250	127 120 508		98 717 778
Closing surplus	40 012	0	52 677 444		22 733 170
	730 003 427	769 707 284	926 662 525		761 372 943



Revenue (before transfers) grew by a staggering 6,4% compared to the previous year. A breakdown of the revenue will follow in the report. Expenditure on the other hand grew by 16,7%. The amount that was budgeted was not spent.

The graph shows the breakdown per main expenditure group before inter departmental re-charges.



The following table reflects a break down of the expenditure per type for 2006/07 against the budget for that year as well as the actual figures of the previous year for comparison purposes:

<u>Expenditure</u>	Budget 2007	Adjusted Budget 2007	Actual 2007	Difference Actual / Adjusted Budget 2007	Actual 2006
	R	R	R	R	R
Remuneration	235 473 944	227 411 524	211 005 556	16 405 968	191 641 543
General expenses	225 362 250	246 372 403	222 349 616	24 022 787	186 465 878
Bulk Purchases	171 826 840	181 016 490	180 876 485	140 005	158 801 679
Repairs and Maintenance	32 261 511	36 684 752	29 763 268	6 921 484	20 827 984
Inter-departmental charges	6 976 170	6 336 120	6 296 042	40 078	7 389 301
Depreciation	40 109 615	42 466 000	44 573 257	(2 107 257)	37 709 856
Contributions	72 951 620	72 964 620	77 368 848	(4 404 228)	105 698 177
Transfers to other reserves	20 250	15 873 750	127 120 508	(111 246 758)	86 990 000
Less: Amounts Charges out	-22 275 820	-25 250 870	-25 368 499	117 629	-24 685 919
Net expenditure	762 706 380	803 874 789	873 985 081	-70 110 292	770 838 500

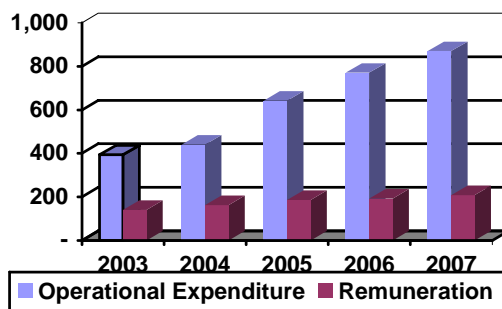
Capital acquisitions that were funded from government grants and subsidies are included in the above table under the heading " transfers to other reserves".



3.1 Remuneration vs. Operating Expenditure

Staff expenditure reflected as a percentage of the total expenditure of R747 million, shows an increase as a portion of the expenditure from 25% in 2005/6 to 28,25% in 2006/7. The percentage does not take re-charges and the effect of grants and fiscal sharing into account.

The under-spending of R16,4 million on remuneration compared to the budget is as a result of savings realized from vacancies that were not filled during the year as well as the finalization of the new organizational structure. The saving was made up by R11,8m on vacancies and related cost, R500 000 on overtime expense, R3,3 million on the redemption of leave and R800 000 on other related employee expense.



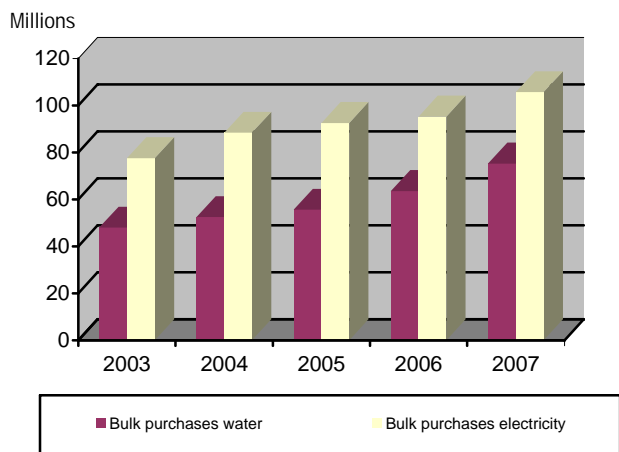
3.2 General Expenditure

The main expenditure types that influenced the difference between budgeted and actual results are indicated in note 25 of the financial statements.

The saving on the budgeted amount of R24 million is mainly contributed to the valuation that was not completed for which R10 million was provided. R2 million was saved on vehicle hiring cost as a result of a operational hire plan for vehicles that only came into affect towards the end of the year. Because of vacancies on senior level as saving of R1,3 million was made on insurance and travelling allowance. Provision was also made for R2million for the disaster of which only R500 000 was spend at the end of June 2007. The remaining portion of the amount, together with the insurance payment will have to be transferred to the next year. The free basic services expense for the year under review stands at R46,8 million which was a saving of R1,2 million for the year. The remaining portion of the total saving was made up by smaller amounts.

3.3 General Expenditure: Bulk Purchases

The following graph gives a graphical illustration of the relation between total amount spent on the bulk purchase of water and electricity:



It is clear that there is a gradual increase in consumption over the last five year in the usage of electricity and water.

3.4 Repair And Maintenance

Under spending on maintenance amounts to R6,9 million for the year. Provision was made for R36,7 million of which only R29,8 million was spent. The delay in the start of the rental scheme contributed to the biggest portion of the saving of R3,4 million on the vehicle maintenance. The second biggest portion of the saving was computers and software, buildings, civil and electricity network.

3.5 Depreciation

The over-spending of R2million on this portion of the budget is mainly contributed by an increase in government grants for capital infrastructure. It would seem that this tendency would continue because of backlogs in infrastructure and the effort that government puts into the eradication of these backlogs.



3.6 Inter-departmental Charges

The deviation in inter departmental charges can be connected to the fact that expenditure were lower than the tendency of the previous year.

3.7 Contributions

Contributions made towards the provision for the accumulated leave liability were R4,4 million more than the budgeted amount. The provision is made in terms of the accounting policy of Council.

3.8 Less: Charge Out

The contracting out of capital projects to private institutions affected the amounts charged out.

4. OPERATING INCOME

Income per income category compared with the budgets and the actual for the previous financial period is as follows.

<u>Income</u>	Budget 2007	Adjusted Budget 2007	Actual 2007	Variance Actual / Adjusted Budget 2007	Actual 2006
	R'	R'	R'	R'	R'
User Levied Charges	473 218 300	475 726 020	474 464 880	(1 261 140)	439 386 267
Tariff charges levied	1 898 885	1 930 935	3 590 943	1 660 008	2 348 724
Tariff charges other	24 465 310	27 698 680	31 816 787	4 118 107	24 545 225
Grants and subsidies	125 093 185	130 389 450	129 551 883	(837 567)	104 682 828
Fines	8 388 310	4 737 330	3 305 839	(1 431 491)	4 298 683
Interests	38 258 755	40 415 365	50 116 891	9 701 526	40 651 424
Rentals	6 741 425	6 900 620	7 767 236	866 616	6 235 783
Licenses	3 161 510	3 187 510	3 482 119	294 609	3 265 022
Profit sale of assets	200 000	200 000	6 514 630	6 314 630	621 106
Other income	54 024 735	62 787 859	61 166 285	1 621 574	51 672 760
Departmental charges	6 976 170	6 358 610	6 296 042	(62 568)	7 389 301
Transfers from reserves	20 319 807	43 542 410	148 588 990	105 046 580	108 474 549
Totals	762 746 392	803 874 789	926 662 525	122 787 736	793 571 670

4.1 User Levied Charges

The deviation is 0,27% which is too small to be linked to a specific problem. The growth in revenue of 8% from the previous year is very important and substantiates the economic growth that is experienced in the City.

4.2 Tariff Charges Levied

Intensified disconnection actions during the financial year were the main contributor to the success in this category. Growth can also be contributed to the general economic growth in the area.



4.3 Tariff Charges Other

The change over from conventional electricity to pre-paid electricity is the main reason for the improved income of R4 million in this category. A number of new extensions were developed and new houses that were build during the year.

4.4 Grants And Subsidies

Note 18 of the financial statements reflect the detail of grants and subsidies received.

The Inter Governmental Grant received from the National Government during 2006/2007 was mainly utilized to subsidize the indigent consumer debtors. The other grants and subsidies received were conditional and were used for the intended purpose.

4.5 Fines

The under-collection in traffic and parking meter fines is the result of insufficient law enforcement. A further challenge is the non-collection of fines, which is currently addressed through special operational actions. The back office will also be upgraded with new technology, which will improve the collection of fines in future.

4.6 Interest

Interest earned - external investments

The improve revenue from the current bank account and investments are the result of the slow capital and other spending.

Interest earned - outstanding debtors

Interest on arrear account exceeds the budgeted amount with approximately R600,000 for the year. Interest is raised at 15% per annum on arrear accounts.

4.7 Rental Income

Incomes from this source are generated from leasing of Council assets that are not utilized by Council.

5. TRADING SERVICES

5.1 Water

The deviation in income compared to the adjusted budget can be attributed to an increase in water sales over the latter half of the year. The surplus should have been higher, but increases in water losses depreciate some of the expected surpluses.

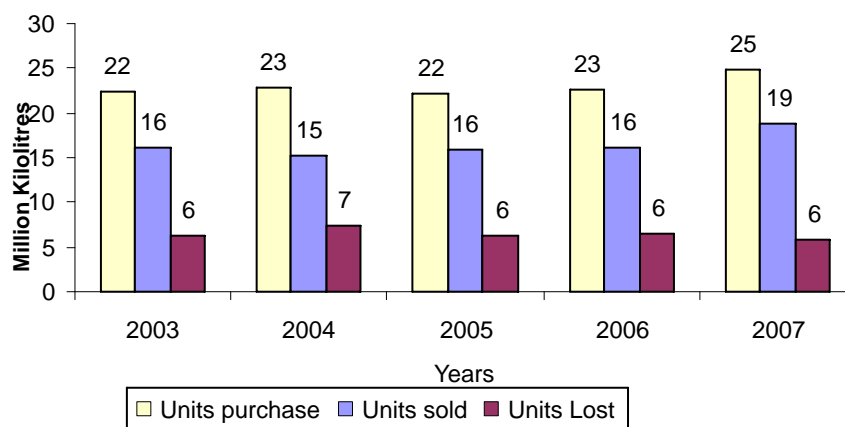
Description	Budget 2007	Adjusted Budget 2007	Actual 2007	Variance Actual / Adjusted Budget 2007	Actual 2006
	R'	R'	R'	R'	R'
Income	127 123 120	123 099 832	136 609 627	13 509 795	119 376 295
Expenditure	122 593 684	128 411 556	139 286 917	10 875 361	119 130 539
Surplus/(deficit)	4 529 436	(5 311 724)	(2 677 290)	2 634 434	245 757
Surplus/(deficit) as % of Income	3.56%	(4.31%)	(1.96%)	19.50%	.20
Bulk water purchases:	69 145 990	75 281 920	75 215 872	65 418	63 554 272
Expenditure: Indigent subsidies	15 047 730	12 060 620	12 060 216	404	12 253 630



The distribution losses of 23,8%, 28,28%, 28,37% and 32,83% for the financial period 2006/7, 2005/2006, 2004/2005 and 2003/2004 respectively does not reflect a good picture and is high on the agenda to be rectified in the foreseeable future. It is clear that there is some improvement since the previous reporting periods. The township Hartbeesfontein is supplied with water from boreholes, which are not metered. Hartbeesfontein was excluded in this calculation. The main contributor for the water losses is the old and obsolete water infrastructure and water meters that are removed.

A number of budget transfers were done during the year to accommodate overspendings on purchase of water. It would seem as if the shortfall on the cost centre can be contributed to a reduction in gross profit as a result of line losses or that the tariffs were not cost related. Although tariffs cannot be adjusted during the year the situation will be monitored closely and if necessary, expenditure or budget will be adjusted during the adjustment budget process.

The following graph reflects electricity purchases, sales and distribution losses.



5.2 Electricity

Description	Budget 2007	Adjusted Budget 2007	Actual 2007	Variance Actual/ Adjusted Budget 2007	Actual 2006
	R'	R'	R'	%	R'
Income	201 635 020	204 311 690	218 644 862	7%	195 165 761
Expenditure	172 551 690	174 297 485	190 782 650	9,5%	159 507 302
Surplus/(deficit)	29 083 330	30 014 205	27 862 212	(7,2%)	35 658 459
Surplus/(deficit) as % of Income	14.42%	14.69%	12.74%	(15.01%)	18,3
Bulk electricity purchases:	102 680 850	105 716 570	105 660 613	(5,3%)	95 247 408

The difference between the schedule above and "Appendix D" in the Annual Financial Statements for City Electrical Engineer is contributed to the fact that "Appendix D" includes income and expenditure for the Garage, Workshop and Streetlights and excludes inter departmental charges.

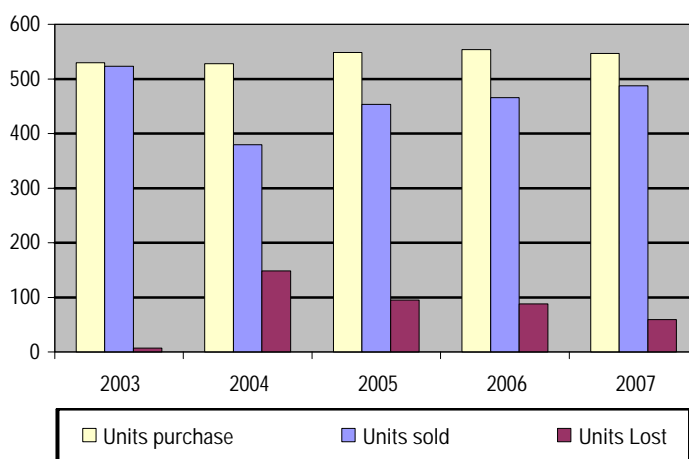
Distribution losses are reduced on a year-to-year basis from 17,3% in 2005 to 10,8% in 2007. This is within the norm of 7% to 11% although it can still be improved.

The increase in actual expenditure compared to the adjustment budget is mainly due to adjustments relating to transfers to and from reserves and grants. A disaster that damaged a huge portion of electricity infrastructure in Jouberton during the year also contributed to expenditure above the envisaged amount that was provided for in the adjustment budget. These adjustments affect both income and expenditure. It is thus important to evaluate the net



affect and ignore the detail for purposes of evaluating the financial performance. Although the deviation between the estimated net results is 7% of target, the original budget was lower and the net result differs with only 4% on that estimate.

The following graph reflects electricity purchases, sales and distribution losses.



5.3 Fresh-produce Market

Description	Budget 2007	Adjusted Budget 2007	Actual 2007	Variance Actual/ Adjusted Budget 2007	Actual 2006
	R'	R'	R'	R'	R'
Income	13 596 555	12 868 055	12 262 401	(605 654)	12 294 286
Expenditure	11 235 745	11 489 275	10 864 894	(624 381)	11 481 981
Surplus/(deficit)	2 360 810	1 378 780	1 397 507	18 727	812 305
Surplus/(deficit) as % of Income	17.36%	10.71%	11.40%	3.09%	6,6

The difference between the schedules above and "Appendix D" in the Annual Financial Statements for the Market is contributed to the fact that "Appendix D" excludes inter departmental charges.

Market dues are calculated at 5% commission on sales turnover. Due to decrease in prices on products, the income has underperformed by R600 000. The decrease in revenue was managed by corresponding savings in expenditure, which result in a net result that is very close to the estimated amount.

The decrease in actual expenditure compared to the adjusted budget is mainly due to savings in remuneration and general expenditure.

Although the total income for the year was R605 654 less than budgeted, the Market still manages to end the year with a surplus.



6. LONG-TERM DEBT

At the end of the financial year the outstanding debt were as follows:

Type of debt	2007	2006
Stock	0	0
Long-term loans	170 693 238	149 184 509
External funds: Total	170 693 238	149 184 509

Loans to finance the capital expenditure of 2005/6 were raised during the year under review. The amount of the loan raised was R29 million and an amount of R7,7 million was redeemed during the year which left a net change in long-term liabilities of R21,5 million. It is important to manage capital spending that is financed from loans. Affordability must always be evaluated. The current servicing of debt is around 9% of total operating expenditure. It is well within the national norm and is proof of well-balanced borrowing.

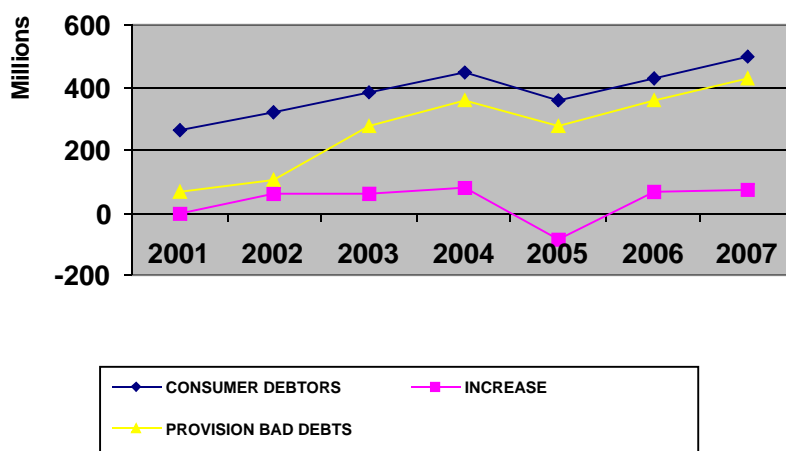
7. ACCUMULATED STATUTORY FUNDS AND PROVISIONS

Detail of the distributable reserves and provisions appears in Note 4 to the financial statements. In terms of legislation, surpluses in distributable reserves and provision for staff leave are to be invested until needed. The detail of the investments is provided in Note 14. Other reserves appear in the Statement of Financial Position under net assets.

8. DEBTORS

Details regarding the long-term receivables are provided in Note 10 to the financial statements.

As far as short-term debtors are concern, it is further explained in note 12 and 13 to the financial statements. The following graph reflects the Consumer debtor's and the growth since amalgamation:



The net outstanding consumer debtors decreased by R63 420, which in itself is not significant. The core problem of people not paying for the service and utility that they receive is still the biggest factor that contributes to the slow improvement of addressing backlogs on infrastructure. An amount of R72 million was once again necessary to be contributed to the provision of bad debts. This contribution is used to manage the cash flow by limiting expenditure. If payment can be improved, this type of contribution can be reduced and more resources can be made available for municipal service improvement. On the positive side it must be mentioned that the payment rate have been improved since the previous year which clearly contribute to a reduction in the contribution to the extent of R10 million.



The following is an indication of the effectiveness of credit control measures as well as the ability to convert debtors into cash:

Description	2007 R'	2006 R'	2005 R'	2004 R'
Debits levied	511 488 463	463 152 316	449 596 565	409 364 522
Balance on 1 July	429 221 985	360 679 835	447 804 678	384 958 215
Balance on 30 June	501 250 082	429 221 985	360 679 835	447 804 678
Average balance	465 236 034	394 950 901	404 242 257	416 381 447
Turnover: Number of times	1.08	1.17	1.11	.98
Days	365	365.0	365.0	365.0
Turnover: Number of days	338,0	311.2	328.2	371.3

The above table indicates that outstanding consumer debts are at unacceptable levels. The number of days to recover these debts has decreased from 371.3 (2003/2004) to 311.2 (2005/2006) and have once again increase to 338 days in 2006/7. Although there is, still a slight improvement since 2004 it will have serious implication on the cash flow of Council over the long-term if continued on this trend.

A summary of the age analysis of consumer debtors as at 30 June 2007 is provided in note 12 of the financial statements.

9. CAPITAL EXPENDITURE AND FINANCING

As far as the capital expenditure is Council made concerned, substantial progress with the improvement of living conditions of the community and infrastructure backlog in certain areas.

The fixed assets expenditure for the year of R168,9 million is substantially more than the R126,4 million of the previous financial year.

The following table shows the distribution of the fixed assets according to the type of asset:

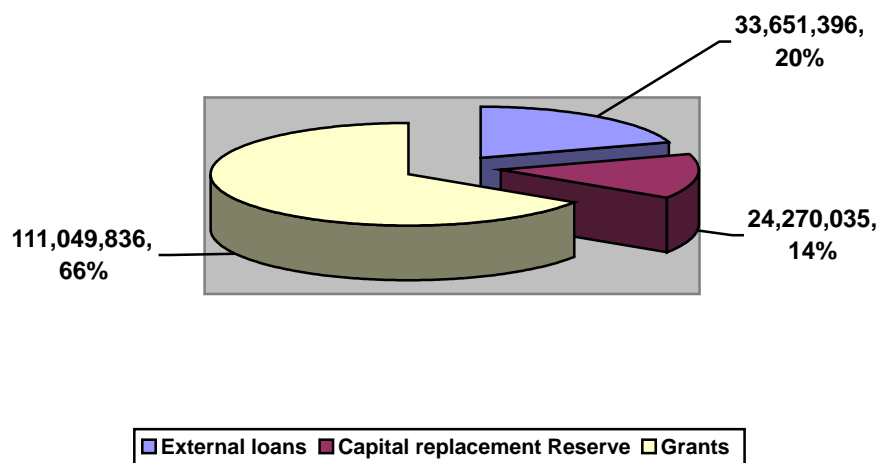
Type of Asset	Original Budget 2007 R'	Adjusted Budget 2007 R'	Actual 2007 R'	Actual 2006 R'	Grants and Subsidies 2007 R'	Grants and Subsidies 2006 R'
Land	100 000	100 000	0	0	0	0
Buildings	15 319 990	29 170 322	29 385 087	7 887 485	21 006 957	3 741 030
Roads and Storm water drainage	52 235 665	54 751 351	29 769 269	24 056 362	16 339 194	8 845 397
Other infrastructure	93 767 297	214 381 798	93 046 411	76 698 235	72 612 781	55 894 332
Other fixed assets	16 595 200	19 180 656	16 770 500	17 775 459	1 090 904	6 562 087
Total	178 018 152	317 584 127	168 971 267	126 417 541	111 049 836	75 042 847



The above-mentioned fixed assets were financed from the following sources:

Type of finance	Budget 2007 R'	Adjustment Budget 2007 R'	Actual 2007 R'	Actual 2006 R'
External Loans	48 802 548	50 947 340	33 651 396	40 684 702
Capital replacement reserve	24 861 152	39 201 753	24 270 035	10 689 992
Grants: MIG	104 354 452	227 435 034	111 049 836	75 042 847
	178 018 152	317 584 127	168 971 267	126 417 541

CAPITAL STRUCTURE



External loans to the amount of R29 million was raised to finance the capital expenditure for the 2005/6 financial year. Expenditure for the year under review that is to be financed from external loans will be funded by loans to be raised in the 2007/8 financial year. In the interim the funding is carried by own sources.

10. INVESTMENTS

External investments on 30 June 2007 amounted to R187,7 million compared to the approximately R122 million for 2005/06 which is a increase of R65,7 million. The main reason for the increase in investments is because a loan to finance capital expenditure was raised and the unspent portion of grants. An explanation for the investments is done in note 8 and 14 to the financial statements.

Investments as at 30 June 2007 were made at the following Institutions (see also note 8 and 14 of the Financial Statements)

INVESTMENTS AS AT 30 JUNE 2007	
INSTITUTION	AMOUNT
ABSA	R 45 372 339
Sanlam	R 4 323 440
First National Bank	R 65 481 616
New Republic Bank	R 419 679
Investec	R 65 095 175
Nedcor Bank	R 6 930 133
Total Fixed Investments	R187 622 382
Senwes	R 26 951
Total Investments	R 187 649 333



New Republic Bank Limited was placed under Curator ship. An amount of R4,5 million was originally invested at an interest rate of 11% per year. Fourteen (14) dividends to the amount of R3,3 million including interest were received since the bank was placed under curator ship. The Curator is uncertain of future collections and it does not appear as if Council will receive full payment of the capital that was invested. According to the curator, it is not possible to determine the shortfall at this stage. It is only speculation by the Curator at this stage and as soon as something is received in writing, the matter will be reported officially.

11. ACCOUNTING RATIOS

This portion of the report deals with some sort of benchmarking. Although there is no definitive basis for benchmarking in local government, one can use the current ratio, solvability and quick asset ratio to draw some kind of a conclusion on the financial viability of Council. It is clear from all of the under mention results that in some sense the finances is managed very conservatively. The question to be answered is whether one can manage it any different when managing public money. Public money or service delivery should never be put at risk.

The evaluation of the municipality's liquidity position focuses on its cash resources, ability to generate cash from operations and the capacity to pay creditors and short-term loans on time. A crucial element of liquidity management is the effectiveness of its revenue collection. The current collection rate is well over 85% of levies. Compared against other local authorities in the North Wes province it is considered a very good payment rate. On a National basis, there are some municipalities of the same size that has a better payment rate but it should be compared against the background of ability to pay. This ability to pay must be taken into account when policies of financial strategy are considered.

11.1 Operating Ratio Or Current Ratio:

Operating resources represents the surplus of current assets over current liabilities. This indicator determines the ability of the municipality to pay operational expenditure in the short-term.

The following table shows the calculation of the operating capital ratio:

Description	2006/2007 R'	2005/2006 R'	2004/2005 R'	2003/2004 R'
CURRENT ASSETS:				
Cash	32 667 396	23 879 196	152 800	14 805 374
Inventory	17 203 787	18 378 712	19 748 701	17 287 103
Debtors	140 859 601	114 233 634	123 145 388	116 675 333
Investments	180 692 249	115 748 289	147 553 669	77 023 606
Short-term portion of long-term debtors	688 165	416 501	847 626	697 810
Total	372 111 198	272 656 332	291 448 184	226 489 226
CURRENT LIABILITIES:				
Creditors	134 855 417	91 007 707	58 102 343	70 157 680
Short-term portion of long-term liabilities	10 198 194	6 804 845	11 129 281	5 703 215
Deposits	16 677 366	15 043 032	13 552 373	11 017 098
Overdrawn bank account	0	1 802	15 517 087	
Total	161 730 977	112 857 386	98 301 083	86 877 993
Operating Capital Ratio to 1	2.3	2.4	2.96	2.6

This ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk as short-term debt can be paid out of short-term assets. A ration of 2,3 is considered to be strong but conservative. A conservative ratio when dealing with public funds is considered good financial management. On the other hand, local government is perceived to be a stable environment and a lower current ratio would not be out of line. It is clear that the move is towards a lower ratio without being too eager to move towards a lower ratio.



The fact that some of the current assets are unspent funds of grants for capital projects must also be considered before a conclusion can be drawn from the ratio.

11.2 Quick asset ratio (Acid Test)

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into account. As material and stock are for the own use and are not required by institutions other than local authorities, they are not included in the calculations. A ratio of 1:1 is the norm.

The figures that follow reflect the quick asset ratio for the following years:

Description	2006/2007 R'	2005/2006 R'	2004/2005 R'	2003/2004 R'
CURRENT ASSETS:				
Cash	32 667 396	23 879 196	152 800	14 805 374
Debtors	140 859 601	114 233 634	122 494 083	116 675 333
Investments	180 692 249	115 748 289	147 553 669	77 023 606
Short-term portion of long-term debtors	688 165	416 501	847 626	697 810
Total (Exclude Inventory)	354 907 411	254 277 620	271 048 178	209 202 123
CURRENT LIABILITIES:				
Creditors	134 855 417	91 007 707	58 102 343	70 157 680
Short-term portion of long-term liabilities	10 198 194	6 804 845	11 129 281	5 703 215
Deposits	16 677 366	15 043 032	13 552 373	11 017 098
Overdrawn bank account	0	1 802	15 517 087	
Total	161 730 977	112 857 386	102 962 068	86 877 993
Quick Asset Ratio	2.2	2.25	2.76	1.71

The result is also moving towards the 2:1 ratio, which is more relevant to local government. It is once again necessary to remember that a conservative approach is needed when dealing with public money and the fact that a whole community will be affected negatively if cash flow problems develop in the public sector.

11.3 Solvability

The solvability ratio is a measurement to compare the total assets to the total liabilities and to determine the ability of an authority to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows Matlosana calculation of the solvability ratio:

Description	2006/2007 R'	2005/2006 R'	2004/2005 R'	2003/2004 R'
TOTAL ASSETS:				
Current assets	372 111 198	272 656 332	285 176 647	217 536 004
Plus: Gross Fixed Assets (Note 9.1 to the financial statements)	617 990 502	504 188 243	420 872 754	398 293 933
Total	990 101 700	776 844 574	706 049 401	615 829 937
TOTAL LIABILITIES:				
Current liabilities	161 730 977	112 857 386	94 403 927	81 955 470
Plus: Outstanding loans	160 495 044	142 379 664	147 456 675	148 117 889
Accumulated funds	26 339 222	26 468 860	23 114 947	19 200 292
Total	348 565 243	281 705 910	264 975 549	249 273 651
Solvability Ratio to 1	2.84	2.76	2.66	2.47



12. HOUSING

Council is busy with the erection of several low cost housing projects in the City.

These schemes are dealt with on a separate financial system and Bank account at ABSA Bank.

The National Housing Board funds these projects and beneficiaries are receiving a subsidy that varies from individual to individual.

13. AUDIT COMMITTEE

An audit committee was established and operated under the guidance of an audit charter and in terms of current legislation.

The Committee serves as a link between the Council, Management, Public, Internal- and External Auditors. Meetings were held and during these meetings, the reports were evaluated to address internal control measures and to monitor corrective actions.

The composition of the Audit Committee has been changed according to section 166 of the Municipal Finance Management Act (No 56 of 2003) and is as follows:

- Chairperson
- Two additional members
- Chief Internal Auditor

During the year, the members resigned and the audit committee did not function in terms of the above mentioned.

14. NATIONAL TREASURY

As a pilot municipality, the City of Matlosana is working closely with National Treasury to implement the new budget reform and other improved financial management initiative procedures through the Municipal Finance Management Support Program.

The budget process especially, has improved as far as medium-term planning and transparency is concern. The reform process will continue and improve in future until it is a truly world best practices system of budgeting and reporting. Matlosana has demonstrated commitment to implementing the financial reforms.

15. ASSET MANAGEMENT

At present, assets are recorded and capitalized on the historical cost basis and are not re-valued to current values. GAMAP/GRAP has been implemented as far as depreciation of assets is concern.

The City of Matlosana has implemented an asset management and bar-coding (tracking) system to identify assets and this register will form the backbone of the GAMAP principals. This project is still in process. As far as infrastructure assets unbundling are concern, Council has approved a new asset policy that is fully aligned to the Generally Accepted Municipal Accounting Practice (GAMAP) and Generally Accepted Accounting Practice (GAAP) standards. It is further aligned to identify, classify, record and revalue all current assets to current replacement cost and to implement a total asset management system and procedures for the entire organization.

16. GOING CONCERN

The financial position of the City has again improved since the previous year and although outstanding debtors are still on the increase, it is managed so that the financial sustainability is not affected negatively. The accumulated provision for bad debts is sufficient to cover for possible bad debts, but the non-payment of services is hampering service delivery and construction of new infrastructure.

Notwithstanding the non-payment, Matlosana can still be seen as a going concern and will be a going concern for the near future. Reference must be made of the rating of A2 (short-term) and BBB (long-term) that was done on the 2004/05 financial statements.



EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Mayoral Committee, Municipal Manager, Councilors and Departmental Directors for the support they have given to the department during the 2006/2007 financial year. A special word of appreciation is extended to the finance team for dedication to succeed in producing the annual financial statements on time and in terms of the new accounting standards.



IJ HAARHOFF
CHIEF FINANCIAL OFFICER
Date: 30 August 2007



FINANCIAL STATEMENTS



CITY OF MATLOSANA
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		702 970 924	565 498 967
Housing Development fund	1	6 230 166	6 230 166
Capital Replacement Reserve		6 166 410	6 206 389
Capitalisation Reserve		15 276 505	15 956 319
Government Grant Reserve		321 126 161	237 365 990
Donations and Public Contribution Reserve		17 852 539	17 852 539
Self-Insurance Reserve		13 803 554	13 867 462
Ex Gratia Pension Reserve		139 091	164 843
Accumulated Surplus/(Deficit)		322 376 496	267 855 258
Non-current liabilities			
Long-term liabilities	2	160 495 044	142 379 664
Current liabilities		161 730 976	100 417 522
Consumer deposits	3	16 677 366	15 043 032
Provisions and liabilities	4	14 506 830	12 582 083
Creditors	5	37 269 180	27 648 109
Unspent conditional grants and receipts	6	53 885 284	28 531 649
VAT	7	29 194 123	9 806 001
Bank overdraft	15	0	1 802
Current portion of long-term liabilities	2	10 198 194	6 804 845
Total Net Assets and Liabilities		1025 196 944	808 296 152
ASSETS			
Non-current assets		653 085 746	535 639 820
Property, plant and equipment	9	617 990 502	504 188 243
Investment Properties	9	5 392 196	5 392 196
Investments	8	6 975 216	6 258 787
Long-term receivables	10	22 727 833	19 800 596
Current assets		372 111 198	272 656 332
Inventory	11	17 203 787	18 378 712
Consumer debtors	12	70 971 904	71 035 324
Other debtors	13	69 887 697	43 198 310
Current portion of long-term debtors	10	688 165	416 501
Call investment deposits	14	180 692 249	115 748 289
Bank balances and cash	15	32 667 396	23 879 196
Total Assets		1025 196 944	808 296 152



CITY OF MATLOSANA STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007			
		Actual	
	Note	2007	2006
		R	R
REVENUE			
Property rates	16	102 553 466	93 485 856
Service charges	17	391 232 142	358 572 676
Market dues		9 446 077	8 874 150
Administration fees		8 159 649	8 046 073
Dividends		2 231	
Rental of facilities and equipment		7 767 236	8 235 783
Interest earned - external investments		18 115 339	11 406 244
Interest earned - outstanding debtors		32 001 552	29 245 179
Fines		3 305 839	4 298 683
Licenses and permits		3 482 119	3 265 022
Grants and subsidies	18	236 457 854	183 016 867
Other income	19	26 190 691	24 724 779
Public contributions, donated and contributed property, plant and equipment		0	0
Gains on disposal of property, plant and equipment		833 768	621 106
Total Revenue		839 547 964	731 572 217
EXPENDITURE			
Employee related costs	20	206 210 619	186 304 754
Remuneration of Councilors	21	10 812 693	10 397 661
Bad debts (Contribution to Provisions)		72 034 070	82 523 000
Collection costs		5 653 633	4 479 355
Depreciation		44 573 257	37 709 856
Repairs and maintenance		29 763 268	20 827 984
Interest paid	22	18 933 733	24 679 973
Bulk purchases	23	180 876 485	158 801 679
Contracted services		4 721 126	3 962 201
Grants and subsidies paid		0	0
General expenses		130 340 918	109 969 786
Loss on disposal of property, plant and equipment			265 743
Total Expenditure		703 919 802	639 921 994
SURPLUS/(DEFICIT)		135 628 162	91 650 222
Share of surplus/(deficit) of associate accounted for under the equity method		0	0
SURPLUS/(DEFICIT) FOR THE YEAR		135 628 162	91 650 222
Refer to Appendix E(1) for explanation of variances			



CITY OF MATLOSANA STATEMENT OF CHANGES IN RESERVES AND FUNDS FOR THE YEAR 2006										
	Pre-Disaster Reserves and Funds	Ex-Gratia Pension Reserve	Capital Replacement Reserve	Self Insurance Reserve	Housing Development Fund	Government Grants and Reserves	Donations and public Contributions Reserve	Capitalisation Reserve	Accumulated Surplus (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2006										
Balance at 1 July 2005		157 234	3 517 464	13 196 045	6 234 205	172 764 031	21 015 760	4 702 663	239 931 463	461 566 884
Implementation of GRAP (Note 27)										0
Change in accounting policy (Note 27)										0
Correction of error										0
Restated balance			3 886 925			3 740 810	(1 543 179)	3 162 700	6 041 842	13 001 099
Surplus/(deficit) for the year										
Transfer to CRP	0	187 234	6 206 208	13 196 045	6 234 205	176 508 942	18 472 501	6 045 383	345 831 225	474 659 902
Property, plant and equipment purchased			10 749 431					10 886 892	81 650 222	81 650 222
Capital grants used to purchase PPE			(10 749 431)						(21 439 423)	0
Donated/contributed PPE						75 042 947			10 749 431	0
Payments		(2 301)			(0 530)				(75 042 947)	0
Insurance claims processed				(1 561 560)					8 839	0
Contribution to Self Insurance Reserve				2 333 000					1 561 560	0
Transfer to Housing Development Fund					3 500				(2 233 000)	0
Assets disposal									(2 500)	0
Offsetting of depreciation						(14 181 699)	(1 630 047)	(1 678 036)	17 490 776	0
Balance at 30 June 2006	0	164 843	6 206 389	13 667 462	6 230 196	237 365 990	17 852 539	15 966 319	268 666 466	566 310 204
2007										
Correction of error										0
Change in accounting policy (Note 27)										0
Restated balance	0	164 843	5 206 389	13 667 462	6 230 196	237 365 990	17 852 539	15 966 319	268 666 466	566 310 204
Surplus/(deficit) for the year									136 628 162	136 628 162
Transfer to CRP			34 239 263						1 032 557	1 032 557
Property, plant and equipment purchased			(24 266 241)						(24 239 262)	0
Capital grants used to purchase PPE						102 339 939			24 239 241	0
Donated/contributed PPE									(102 339 939)	0
Payments		(50 000)							50 000	0
Transfer to Insurance Reserve				2 627 882					(2 627 882)	0
Insurance claims processed				(2 898 570)					2 898 570	0
Transfer to Ex-Gratia Pension Reserve		24 246							(24 246)	0
Asset disposals										0
Offsetting of depreciation						(18 570 789)		(678 814)	19 250 582	0
Balance at 30 June 2007	0	139 091	6 165 410	13 003 564	6 230 196	321 126 161	17 852 539	15 276 505	322 376 486	702 970 924



CITY OF MATLOSANA			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007			
	Note/ App.	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	29	180 593 155	128 859 349
Interest received		50 116 891	40 651 424
Interest paid	22	(18 933 733)	(24 679 973)
Other reserves			
NET CASH FROM OPERATING ACTIVITIES		211 776 314	144 830 800
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(i)	(160 252 369)	(126 417 541)
Proceeds on disposal of property, plant and equipment		2 710 621	355 363
(Increase)/decrease in non-current receivables		(2 927 238)	2 837 255
Increase in non-current investments		(716 429)	(638 554)
Decrease in call investment deposits			
NET CASH FROM INVESTING ACTIVITIES		(161 185 415)	(123 863 478)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		21 508 729	(9 401 447)
Decrease/(increase) in short-term loans			
Increase in consumer deposits		1 634 334	1 490 659
NET CASH FROM FINANCING ACTIVITIES		23 143 063	(7 910 788)
NET INCREASE(DECREASE) IN CASH AND CASH		73 733 962	13 056 534
Cash and cash equivalents at the beginning of the year		139 625 683	126 569 150
Cash and cash equivalents at the end of the year	30	213 359 645	139 625 683
(i) Property, Plant & Equipment: During the year, the economic entity acquired property, plant & equipment with an aggregate cost of R 160 252 369, of which R102 330 938 was acquired by means of capital grants by the National Government. Cash Payments of R 57 921 431 was made to purchase property, plant and equipment. (GRAP 2)			

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. PREFACE

The accounting policy is aimed at describing additional information to the user of financial statements on the measurement used in the preparation of the statements that is not covered in the applicable accounting standards.

2. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 7 December 2005; and
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and
- General Notice 522 of 2007, issued in Government Gazette no 30013 of 29 June 2007.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The municipality has elected to early adopt the following requirements in GRAP, GAMAP or SA GAAP, which were exempted in terms of General notice 552 of 2007.



Standard	Description of standard
GRAP 03	Accounting policies, changes in accounting estimates and errors (Full Compliance)

Standard	Description of standard
IAS 17 (AC 105)	Leases (Note exemption of certain aspects of standard in Notice 522) (Full Compliance)
IAS 19 (AC 116)	Employee Benefits (Full Compliance)
IAS 38 (AC 129)	Intangible assets (Note exemption of certain aspects of standard in Notice 522) (Full Compliance)
IFRS 5 (AC 142)	Non-Current Assets (Full Compliance)
IAS 11 (AC 109)	Construction Contracts (Full Compliance)
IFRS 3 (AC 140)	Business Combinations (Full Compliance)
IAS 20 (AC 134)	Accounting for Government grants (Full Compliance)

In addition to those parts of the standards that are exempted in terms of Notice 522, the Municipality will prepare an implementation plan that incorporates the following additional accounting standards: -

Standard	Description of standard
GAMAP 09	Revenue (Note exemption of certain aspects in Notice 522) (Full Compliance)
GAMAP 12	Inventories (Accept Exemption in so far as the water stock is concern)
GAMAP 17	Property, plant and equipment (Note exemption of certain aspects of the standard in Notice 522) (Accept Exemption)
IAS 39 (AC 133)	Financial instruments: Recognition and measurement (Note exemption of certain aspects of standard in Notice 522) (Accept Exemption)
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance (to the extent that it does not contradict GAMAP 9)
IAS 40 (AC 135)	Investment property (Note exemption of certain aspects of standard in Notice 522) (Accept exemption on the portion of "fair value")
IFRS 7 (AC 144)	Financial Instruments (Accept Exemption)
IAS 14 (AC 115)	Segment Reporting (Accept Exemption)
IFRS 8 (AC 145)	Operating Segments (Accept Exemption)

The framework in which the financial statements were compiled is in line with both the guidelines of the International as well as the South African Accounting Standards Boards.

The main accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

3. ACCRUAL BASIS OF RECORDING

The financial statements are prepared in terms of the accrual basis of accounting. The effects of transactions and other events are recognised when they occur and they are recorded in the accounting records and reported in the financial period to which they relate. This is done in terms of Standards of GRAP 1.31 to 1.32 and IAS 1.25 to 1.26.

4. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.



5. GOING CONCERN ASSUMPTION

The annual financial statements are prepared on the basis of a going concern. This assessment was made by Management in terms of Standards of GRAP 1.27 to 1.30 and International Accounting Standards 1.24 and 1.25.

6. OFFSETTING

No offsetting is done in either assets and liabilities or income and expenditure in line with Standards of GRAP 1.42 to 1.46 or IAS 1.32 to 1.35. It must be noted that provision for doubtful debts and accumulated depreciation (net Property, plant and equipment) does not constitute offsetting.

7. BALANCE STATEMENT/ STATEMENT OF FINANCIAL POSITION

The Balance Statement is represented by the Statement of Financial Position. The Statement of Financial Position will be divided into current- and non-current (net assets) assets and current and non-current liabilities in terms of Standards of GRAP 1.62 and not in terms of liquidity.

8. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished and transferred to a Housing Development Fund.

The Housing Act prescribes the utilisation of this fund and monies standing to the credit of the Housing Development Fund. It can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

9. RESERVES

9.1. CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus/(deficit) to the CRR. An amount equal to the actual spending from CRR is contributed to the CRR from the Accumulated Surplus/ (Deficit) to finance the expenditure.

9.2. CAPITALISATION RESERVE

Resulting from the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, have been transferred to a Capitalisation Reserve in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote equality by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are compensated by transfers from this reserve to the accumulated surplus/ (deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the applicable funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such an item is transferred to the accumulated surplus/ (deficit).

9.3. GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve to an amount equal to the Government Grant and recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote equal utilization of the grant by ensuring that the future depreciation expenses are spread over the useful economical life of the asset without prejudicing future consumers.



When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

9.4. DONATIONS AND PUBLIC CONTRIBUTIONS RESERVE

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from Donations and Public Contribution reserves grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

9.5. SELF INSURANCE RESERVE

The Municipality operates a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that are not fully insured externally (adapt to specific circumstances). The balance of the Self-Insurance Reserve is based on estimated insurance risk carried by the Municipality. The contribution towards the Reserve is made from the operating account. The balance of the self-insurance fund is invested in short-term cash investments.

Own claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

9.6. EX-GRATIA PENSION RESERVE

The Municipality operates an ex-gratia pension fund with the purpose to provide an ex-gratia amount to employees who do not have membership of a pension fund at retirement. The contributions towards the Reserve are made from the operating account. The balance of the ex-gratia pension fund is invested in cash investments.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is reflected at the net of cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated because of the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

<i>Infrastructure</i>	<u>Years</u>	<i>Other</i>	<u>Years</u>
Roads and Paving	10-30	Buildings	30
Electricity	20-30	Other vehicles	3-20
Water	15-20	Office equipment	5-10
Sewerage	15-20	Furniture and fittings	7-10
Specialised plant and equipment	5-15	Other items of plant and equipment	3-15



The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

11. INVESTMENTS

11.1. FINANCIAL INSTRUMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

11.2. INVESTMENT IN MUNICIPAL ENTITIES

Investments in municipal entities under the ownership control of the Municipality are carried at cost of invested amount.

12. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method. The value of the Faan Meintjes Reserve is based on 100% of the current realisable value as at 30 June annually. Land developed for re-sale within one year is classified as an inventory item. The value of the stands is calculated at:

- Councils resolution Rand per square meter or
- Municipal valuation

GAMAP12 are not fully complied with in so far as water stock is concern. Water stock in the network qualifies as an asset (inventory) in terms with GAMAP12.07 and should be recorded as such. The water stock is not calculated or measured at this stage, but will be done in future as part of the phased in approach approve by the minister in Government Gazette no.522 dated 29 June 2007.

13. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to Council.

Operating leases are those leases that do not fall within the scope of the above definition. Operating leases rentals are expensed as they become due.

14. ACCOUNTS RECEIVABLE

Accounts receivable are carried at the accrued value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

15. TRADE CREDITORS

Trade creditors are stated at their nominal value.



16. REVENUE RECOGNITION

16.1. REVENUE FROM EXCHANGE TRANSACTIONS

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been taken. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on removal once per week.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis that takes into account the effective yields on assets.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of dog licences and permits.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

16.2. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into operation.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

17. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

18. PROVISIONS

The provision for the accumulated leave of staff that is redeemable complies with the definition of a provision. Additional notes on the detail of the provision as well as the total liability are reflected in the Annual Financial Statements.

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.



19. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

23. COMPARATIVE INFORMATION

23.1 CURRENT YEAR COMPARATIVES:

Budgeted amounts have been included in the annual financial statements for the current financial year (see Annexure E(2)).

23.2 PRIOR YEAR COMPARATIVES:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

24. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

25. CASH FLOW STATEMENT

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdraft.

26. RETIREMENT BENEFITS

Councillors and employees as well as Council contribute to the following pension and provident funds, which provide retirement benefits to such Councillors and employees:



Municipal Employees Gratuity Fund
Pension Fund for Municipal Councillors
National Fund for Municipal Workers

SALA Pension Fund
SAMWU provident Fund
Municipal Employees Pension Fund

Actuarial valuations are done as follows:

Municipal Employees Gratuity Fund:
Pension Fund for Municipal Councillors:
National Fund for Municipal Workers:
Municipal Employees Pension Fund:
SAMWU provident Fund:
SALA Pension Fund:

Actuarial valuation is done every 2 years
Actuarial valuation is done every 3 years
Not required to do actuarial valuation
Actuarial valuation is done every 2 years
Not required to do actuarial valuation
Actuarial valuation is done every 3 years

Council does not operate or are not involve in a guaranteed benefit pension scheme. The above schemes are only based on guaranteed contributions from the side of the Employer.



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
1 HOUSING DEVELOPMENT FUND				
Housing Development Fund			6 230 166	6 230 166
Unappropriate Surplus			6 230 166	6 230 166
Loans extinguished by Government on 1 April 1998				
The Housing Development Fund is represented by the following assets and liabilities				
Bank and cash			6 230 166	6 230 166
Sub-total			6 230 166	6 230 166
Total Housing Development Fund Assets and Liabilities			6 230 166	6 230 166
			2007 R	2006 R
2 LONG-TERM LIABILITIES				
Local registered Stock Loans			0	0
Annuity Loans			170 693 238	149 184 509
Sub-total			170 693 238	149 184 509
Less : Current portion transferred to current liabilities			10 198 194	6 804 845
Local Registered Stock Loans				
Annuity Loans			10 198 194	6 804 845
Total External Loans			160 495 044	142 379 664
Refer to Appendix A for more detail on long-term liabilities.				
			2007 R	2006 R
3 CONSUMER DEPOSITS				
Electricity and Water			16 677 366	15 043 032
Total Consumer Deposits			16 677 366	15 043 032
Guarantees held in lieu of Electricity and Water Deposits			1 906 198	1 973 198
Guarantees held in lieu of debtors for the Fresh			500 000	500 000
			2007 R	2006 R
4 PROVISIONS AND LIABILITIES				
Staff leave			14 506 830	12 582 083
Total Provisions and liabilities			14 506 830	12 582 083
The movement in current provisions and liabilities are reconciled as follows:				
4.1 Staff Leave				
Balance at beginning of year			12 582 083	4 994 233
Contributions to provisions			4 851 528	11 999 747
Expenditure incurred			(2 926 780)	(4 411 897)
Balance at end of year			14 506 830	12 582 083
The extent of the accumulated leave liability for Council as at 30 June 2007 amounted to R14 506 830, while the redemption of leave during the financial period under review was R2 926 780.				



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
5 CREDITORS			R	R
Trade creditors			84 934	0
Other creditors			18 732 023	15 871 518
Payment received in advance			16 646 169	10 682 812
Suspense accounts			1 806 053	1 093 779
Total Creditors			37 269 180	27 648 109
Included in other creditors are retention money R 5 338 332, creditors Market R 1 603 406, creditors provision R 2 511 228, creditors private works R 1 014 288 and salary suspense R 6 997 335.				
			2007	2006
			R	R
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS				
6.1 Conditional Grants from other spheres of Government			53 885 284	28 531 649
MIG Grants (see note 18.5)			9 503 025	14 431 202
Provincial LED Projects (see note 18.6)			856 090	1 238 990
Provincial Capital Grants (see note 18.7)			40 671 048	8 305 780
National Electricity Regulator (see note 18.8)			496 900	541 790
Finance Management Grant (see note 18.9)			1 749 621	3 355 288
Department of Water Affairs (see note 18.11)			608 600	608 600
Provincial Government Grants (see note 18.12)			0	50 000
6.2 Other Conditional Receipts			0	0
Development Bank of South Africa (see note 18.10)			0	0
Public contributions (see note 18.3)			0	0
Total Conditional Grants and Receipts			53 885 284	28 531 649
			2007	2006
			R	R
7 VAT				
VAT payable			29 194 123	22 245 866
VAT is payable on the cash basis.				
			2007	2006
			R	R
8 INVESTMENTS				
Unlisted				
Senwes			45 082	28 781
			45 082	28 781
Financial Instruments				
Fixed Deposits			6 930 133	6 230 006
Total Cash Investments			6 930 133	6 230 006
Total Investments			6 975 216	6 258 787
Valuation of unlisted investments				
Senwes			45 082	28 781
			45 082	28 781
Allocation of external investments:				
In terms of legislation, surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-				
Redemption of Long-Term Liability(Maturing June 2019)			6 930 133	6 230 006
Accumulated Surplus/(Deficit)			45 082	28 781
Total			6 975 216	6 258 787



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

9.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 1 July 2006	92 491 036	331 857 887	30 649 173	1 338 691	47 851 456	504 188 243
Cost	117 740 049	478 125 466	50 387 252	1 423 416	181 768 715	829 444 898
Correction of error	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Accumulated depreciation	(25 249 013)	(146 267 580)	(19 738 079)	(84 725)	(133 917 259)	(325 256 655)
- Cost	(25 249 013)	(146 267 580)	(19 738 079)	(84 725)	(133 917 259)	(325 256 655)
- Revaluation	0	0	0	0	0	0
Acquisitions	13 865 061	127 919 247	15 440 814	147 120	11 599 024	168 971 267
Capital under Construction	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0
Depreciation	(2 332 077)	(27 730 730)	(1 896 100)	0	(13 195 610)	(45 154 517)
- based on cost	(2 332 077)	(27 730 730)	(1 896 100)	0	(13 195 610)	(45 154 517)
- based on revaluation	0	0	0	0	0	0
Carrying value of disposals	(505 488)	(8 139 186)	(902 503)	0	(467 314)	(10 014 490)
Cost/revaluation	(2 172 477)	(8 722 613)	(933 624)	0	(2 571 045)	(14 399 759)
Accumulated depreciation	1 666 989	583 427	31 121	0	2 103 731	4 385 269
Impairment losses	0	0	0	0	0	0
Other movements	0	0	0	0	0	0
Carrying values at 30 June 2007	103 518 532	423 907 218	43 291 385	1 485 811	45 787 556	617 990 502
Cost	129 432 633	597 322 100	64 894 443	1 570 536	190 796 693	984 016 405
Revaluation	0	0	0	0	0	0
Accumulated depreciation	(25 914 101)	(173 414 882)	(21 603 058)	(84 725)	(145 009 137)	(366 025 903)
Cost	(25 914 101)	(173 414 882)	(21 603 058)	(84 725)	(145 009 137)	(366 025 903)
Revaluation	0	0	0	0	0	0

30 June 2006

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 1 July 2005	89 752 300	251 479 189	22 037 270	1 292 246	50 919 553	415 480 558
Cost	112 938 988	377 410 677	40 486 799	1 376 971	173 564 773	705 778 208
Correction of error	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Accumulated depreciation	(23 186 688)	(125 931 489)	(18 449 529)	(84 725)	(122 645 220)	(290 297 651)
- Cost	(23 186 688)	(125 931 489)	(18 449 529)	(84 725)	(122 645 220)	(290 297 651)
- Revaluation	0	0	0	0	0	0
Acquisitions	4 801 061	100 754 597	9 900 453	46 445	10 914 985	126 417 541
Separation Inventory from Assets	0	0	0	0	0	0
Capital under Construction	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0
Depreciation	(2 062 325)	(20 375 899)	(1 288 550)	0	(13 983 082)	(37 709 856)
- based on cost	(2 062 325)	(20 375 899)	(1 288 550)	0	(13 983 082)	(37 709 856)
- based on revaluation	0	0	0	0	0	0
Carrying value of disposals	0	0	0	0	0	0
Cost/revaluation	0	(39 808)	0	0	(2 711 043)	(2 750 852)
Accumulated depreciation	0	39 808	0	0	2 711 043	2 750 852
Impairment losses	0	0	0	0	0	0
Other movements	0	0	0	0	0	0



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007							0
Carrying values at 30 June 2006	92 491 036	331 857 887	30 649 173	1 338 691	47 851 456	504 188 243	
Cost	117 740 049	478 125 466	50 387 252	1 423 416	181 768 715	829 444 898	
Revaluation	0	0	0	0	0	0	
Accumulated depreciation	(25 249 013)	(146 267 580)	(19 738 079)	(84 725)	(133 917 259)	(325 256 655)	
Cost	(25 249 013)	(146 267 580)	(19 738 079)	(84 725)	(133 917 259)	(325 256 655)	
Revaluation	0	0	0	0	0	0	
The revaluation surplus is reconciled as follows:					2007	2006	
					R	R	
Balance at beginning of year							
Surplus realized							
Balance at end of year					0.00	0	
Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.							
The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008. The Council did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for the 2006/07 financial year due to the exemption granted in Gazette 30013.							
					2007	2006	
					R	R	
9.2 INVESTMENT PROPERTIES							
Cost					5 392 196	5 392 196	
Total Investment Properties					5 392 196	5 392 196	



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
10 LONG-TERM RECEIVABLES		
Car loans	13 321	304 131
Bursary loans	507 389	567 483
Sport bodies	347 785	361 144
High tension connections	14 984	19 603
Abattoir	10 280 000	10 280 000
Sale of Stands	0	0
Sale of Stands Housing	3 283 924	292 810
Housing houses	8 968 596	8 391 926
	23 415 998	20 217 096
Less : Short-term portion transferred to current assets	688 165	416 501
Car loans	13 447	234 799
Bursary loans	263 759	62 845
Sport bodies	13 666	13 001
High tension connections	4 941	4 257
Sale of Stands	392 352	101 599
Total	22 727 833	19 800 595
CAR LOANS		
Council do not grant any new car loans as it is prohibited by the MFMA. The current car loans are those that were granted before the start of the MFMA and were granted to Managers at an interest rate between 8% and 11%. Different loan schemes were in place. New loan were based on 40% to 55% of the Manager's total remuneration package and the repayment period did not exceeded the term of the Manager's contract.		
BURSARY/STUDY LOANS		
Different loan schemes were in place. Loans were granted to officials and public for study purposes at various interest rates and repayable over a maximum period of 5 years. In terms of MFMA no new loans may be granted.		
SPORT BODIES		
Different loan schemes are in place for various sporting bodies. The interest rates fluctuate between 5% to 15% repayable over a period from 5 years to 20 years. The MFMA also stopped this practice.		
HIGH TENSION CONNECTIONS		
Council do not grant any high tension loans as it is prohibited by MFMA. High tension loans were granted to public who made applications to the Council. The maximum loan amount should be R 35 000. Loans were determined at 15% interest rate and repayable over a period of 60 months.		
SALE OF STANDS		
Stands were sold to public and is also prohibited by the MFMA. Sale of stands were determined at 15% interest rate repayable over a period of 60 months.		
SALE OF HOUSES		
Houses were sold to public and is also prohibited by the MFMA. Sale of houses were determined at 15% interest rate repayable over a period of 60 months.		
ABATTOIR		
The abattoir surety holder has been liquidated and a civil claim is pending. The opinion is that the full amount will not be recovered. A calculation of possible recovery is not possible at this stage. The Abattoir was also put on tender subsequent to the compilation of the statements. An amount of R 2,508 million was tendered and the tender has been accepted. The claim against the previous purchaser is continuing.		



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
11 INVENTORY				
Consumable stores - at cost			8 401 395	10 271 413
Museum stores - at authorized value			158 772	141 285
Nature reserve -wild stock			3 438 250	2 643 425
Unsold properties held for resale at council resolution or municipal valuation.			5 205 371	5 322 589
Total Inventory			17 203 787	18 378 712
The Council did not recognised the purchased of water stock in the annual financial statements for the 2006/07 financial year due to the exemption granted in Gazette 30013. See note 28.6 for inventory shortages and surpluses. The nature of calculating the estimated value of Nature Reserve (Wild Stock) was changed from 50% in the 2005/06 financial year to 100% in the 2006/07 financial year. If this policy was applied in previous years it would have resulted in a larger surplus and the stock value would have been R2,6 m more. This change in estimation is reported in terms of GRAP3.39 and will be used in future. The effect on future estimates are impracticable to estimate at this stage.				
12 CONSUMER DEBTORS				
As at 30 June 2007		Gross Balances	Provision for Bad Debts	Net Balance
Service debtors		501 250 082	430 278 179	70 971 904
Rates		89 400 816	81 589 905	7 810 911
Electricity		30 239 157	29 574 593	664 564
Water		80 844 824	65 747 252	15 097 572
Sewerage		46 103 685	42 320 322	3 783 363
Refuse		42 602 973	38 411 589	4 191 384
Other debtors		212 058 627	172 634 517	39 424 110
Total		501 250 082	430 278 179	70 971 904
As at 30 June 2006				
Service debtors		429 221 985	358 186 661	71 035 324
Rates		74 178 845	67 919 818	6 259 027
Electricity		27 280 369	24 619 479	2 660 890
Water		67 084 241	54 731 543	12 352 697
Sewerage		40 678 745	35 229 709	5 449 036
Refuse		37 027 880	31 975 869	5 052 010
Other debtors		182 971 906	143 710 242	39 261 663
Total		429 221 985	358 186 661	71 035 324
			2007 R	2006 R
Rates : Ageing				
Current (0 - 30 days)			8 228 648	7 549 367
31 - 60 Days			3 082 984	2 725 514
61 - 90 Days			2 717 811	2 872 397
90+ Days			75 371 373	61 031 567
Total			89 400 816	74 178 845
(Electricity, Water, Refuse, Sewerage and other debtors) :				
Current (0 - 30 days)			32 125 928	30 492 804
31 - 60 Days			10 444 485	9 375 371
61 - 90 Days			10 082 306	7 749 282
90+ Days			359 186 548	307 425 682
Total			411 849 266	355 043 140
Housing rentals : Ageing				
Current (0 - 30 days)			241 997	96 502
31 - 60 Days			277 539	91 676
61 - 90 Days			185 767	97 346
90+ Days			14 135 687	6 772 684
Total			14 840 991	7 058 207



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Summary of Debtors by Customer Classification				
Classification	Consumers	Industrial/Commercial	National and Provincial Government	Other
30 June 2007				
	R	R	R	R
Current (0 - 30 days)	36 769 414	2 871 971	547 907	619 090
31 - 60 Days	12 532 481	773 932	86 392	678 546
61 - 90 Days	11 795 287	782 765	65 063	636 776
90+ Days	402 776 521	9 240 592	1 434 148	19 639 198
Sub-total	463 873 703	13 669 260	2 133 509	21 573 610
Less: Provision for bad debts	398 193 914	11 733 832	1 831 426	18 519 007
Plus: Reversal of Bad Debts	0			
Total debtors by customer classification	65 679 789	1 935 428	302 083	3 054 603
Summary of Debtors by Customer Classification				
Classification	Consumers	Industrial/Commercial	National and Provincial Government	Other
30 June 2006				
	R	R	R	R
Current (0 - 30 days)	30 297 611	3 573 375	89 784	4 141 401
31 - 60 Days	8 071 161	1 048 221	59 412	2 922 091
61 - 90 Days	6 977 446	822 349	47 927	2 773 957
90+ Days	208 145 863	10 122 725	866 757	149 521 904
Sub-total	253 432 081	15 566 670	863 880	159 359 353
Less: Provision for bad debts	211 489 612	12 990 420	720 910	132 985 720
Total debtors by customer classification	41 942 469	2 576 251	142 970	26 373 633
Provision for bad debts was calculated as a percentage proportionally to the outstanding amounts.				
PROVISION FOR BAD DEBTS				
Balance at 1 July			358 186 661	277 074 522
Contribution for the year			72 034 070	82 523 000
Reversal of Bad Debts			89 882	0
Written off for the year			(32 435)	(1 410 861)
Balance at 30 June			430 278 179	358 186 661
13 OTHER DEBTORS				
			2007	2006
			R	R
Unauthorized expenditure (see Note 32.1)			34 995	0
Fruitless and wasteful expenditure (see Note 32.2)			161 958	0
Insurance claims			2 704 570	1 227 431
National Electricity Regulator			0	0
Short-term loans and other			34 094 506	24 963 466
Housing (Internal Loan)			11 000 000	0
Provincial health subsidies			2 727 810	0
District Municipality Environmental Health			826 515	2 906 220
Payment made in advance			125 265	0
Market			952 593	984 337
Housing rentals			17 103 215	12 202 898
Suspense accounts			156 270	913 958
Total Other Debtors			69 887 697	43 198 310
14 CALL INVESTMENT DEPOSITS				
			2007	2006
			R	R
Other Deposits			180 692 249	115 748 289
Allocation of external investments				
In terms of legislation, surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-				
Ex Gratia Pension Reserve			139 091	164 843
Capital Replacement Reserve			6 166 410	6 206 389
Unspent conditional grants and receipts			53 885 284	28 531 649
Self Insurance Fund			13 803 554	13 867 462
Housing Development Fund			6 230 166	6 230 166
Accumulated Surplus/(Deficit)			100 467 744	60 747 780
Total			180 692 249	115 748 289
The total amount invested in cash for Accumulated Surplus/(Deficit) amounts to R 100 512 826 (See also Note 14)				



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
15 BANK, CASH AND OVERDRAFT BALANCES				
The Municipality has the following bank accounts:				
Current Account (Primary Bank Account)				
ABSA Bank - Church street Klerksdorp				
Account Number : 4060008684				
Cash book balance at beginning of year			6 765 188	189
Cash book balance at end of year			7 682 597	8 785 168
Bank statement balance at beginning of year			6 765 188	189
Bank statement balance at end of year			7 790 073	8 785 168
ABSA Bank - Church street Klerksdorp				
Account Number : 01000100176				
Cash book balance at beginning of year			16 633 944	(15 515 107)
Cash book balance at end of year			21 463 335	16 633 944
Bank statement balance at beginning of year			53 629 032	5 132 090
Bank statement balance at end of year			27 765 028	53 629 032
ABSA Bank - Church street Klerksdorp				
Account Number : 4059110705 (Grant Fire)				
Bank statement balance at beginning of year			0	131 457
Bank statement balance at end of year			0	0
ABSA Bank - Church street Klerksdorp				
Account Number : 4059753993 (Museum)				
Bank statement balance at beginning of year			0	246
Bank statement balance at end of year			0	0
ABSA Bank - Church street Klerksdorp				
Account Number : 950164379 (Stadsraad Water)				
Cash book balance at beginning of year - overdrawn			(1 802)	(2 168)
Cash book balance at end of year			2 697 938	(1 802)
Bank statement balance at beginning of year			47 180	56 029
Bank statement balance at end of year			2 732 058	47 180
ABSA Bank - Church street Klerksdorp				
Account Number : 950000090 (Market)				
Cash book balance at beginning of year			362 937	110 525
Cash book balance at end of year			699 967	362 937
Bank statement balance at beginning of year			1 059 375	1 587 869
Bank statement balance at end of year			1 583 279	1 059 375
ABSA Bank - Church street Klerksdorp				
Account Number : 4059133084 (Mayor's Golf Day)				
Cash book balance at beginning of year			60 472	0
Cash book balance at end of year			66 383	60 472
Bank statement balance at beginning of year			61 836	0
Bank statement balance at end of year			71 383	61 836
CASH ADVANCES				
Petty Cash			57 175	56 875
Total Cash Advances			57 175	56 875
Total Cash balances			32 667 396	23 879 196
Total Overdrafts balances			0	(1 802)
Total Cash and overdrafts balances			32 667 396	23 877 394



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
16 PROPERTY RATES				
Actual				
Residential and commercial			96 763 731	88 812 858
Agricultural			2 585 394	1 466 339
State			3 140 086	3 108 512
Sundry debtors			64 255	78 147
Total Assessment Rates			102 553 466	93 465 856
Valuations			July 2006 R 000	July 2005 R 000
Residential and commercial			577 563	554 707
Agricultural			39 736	26 074
State			19 105	20 289
Municipal and farms			386 882	397 339
Total Property Valuations			1 023 286	998 409
			2007 R	2006 R
17 SERVICE CHARGES				
Sale of electricity			185 310 020	172 842 277
Sale of water			106 917 887	96 419 543
Refuse removal			45 212 536	39 903 323
Sewerage and sanitation charges			53 791 700	49 407 533
Total Service Charges			391 232 142	358 572 676
			2007 R	2006 R
18 GRANTS AND SUBSIDIES				
Equitable share			111 881 887	93 000 771
Provincial LED Projects			0	779 831
Provincial health subsidies			8 949 629	8 199 244
Finance Management Grant			500 000	464 904
Development Bank of South Africa			0	40 678
Eskom Demand Side Management			14 734 284	0
District Municipality Environmental Health			2 908 474	2 156 000
District Municipality - operational grants			5 000 000	0
District Municipality Capital assets grants			27 356 943	18 767 404
Lotto Capital asset grant			0	818 733
Anglo Gold Ashanti Capital assets grants			76 500	1 800 400
MIG Grant			65 043 165	44 716 860
National Electricity Regulator			496 800	3 089 235
Provincial capital grants			1 510 072	9 331 206
Department of Water Affairs			0	41 400
Total Government Grant and Subsidies			236 457 854	183 016 667
18.1 Equitable Share				
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 144.16 (2007: R 46 791 713), which is funded from this grant.				
18.2 Provincial Health Subsidies				
Balance unspent at beginning of year			0	0
Current year receipts - included in public health vote			8 949 629	8 199 244
Conditions met - transferred to revenue			(10 153 811)	(8 199 244)
Conditions still to be met - transferred to liabilities (see note 6)			(3 204 181)	0
The Municipality primarily renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.				



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
18.3 Eskom Demand Side Management				
Balance unspent at beginning of year				
Current year receipts - included in public health vote			14 734 284	0
Conditions met - transferred to capital expenditure			(14 734 284)	0
Conditions still to be met - transferred to liabilities (see note 6)			0	0
Council received capital grant from Eskom for demand side management system on the residential sector.				
18.4 District Municipality Environmental				
Balance unspent at beginning of year			0	0
Current year receipts - included in public health vote			2 908 474	2 156 000
Conditions met - transferred to revenue			(3 637 710)	(2 156 000)
Conditions still to be met - transferred to liabilities (see note 6)			(729 236)	0
The Municipality renders environmental services on behalf of the District Municipality and is refunded for expenditure incurred. This grant has been used exclusively to fund environmental service (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.				
18.5 MIG Grant				
Balance unspent at beginning of year			14 431 202	7 965 651
Current year receipts			60 114 988	51 182 411
Conditions met - transferred to revenue			(65 043 165)	(44 716 860)
Conditions still to be met - transferred to liabilities (see note 6)			9 503 025	14 431 202
This grant was used to construct roads, storm water, streetlights, sewerage and water infrastructure as part of the upgrading of informal settlement areas (included in the roads and sewerage votes in Appendix B). No funds have been withheld.				
18.6 Provincial LED Projects				
Balance unspent at beginning of year			1 238 990	1 792 443
Current year receipts			0	226 378
Conditions met - transferred to revenue			(382 900)	(779 831)
Conditions still to be met - transferred to liabilities (see note 6)			856 090	1 238 990
Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Local Economic development and Procurement vote in Appendix D). No funds have been withheld.				
18.7 Provincial Capital Grants				
Balance unspent at beginning of year			8 305 780	10 018 949
Current year receipts			33 875 340	7 618 038
Conditions met - transferred to revenue			(1 510 072)	(9 331 206)
Conditions still to be met - transferred to liabilities (see note 6)			40 671 048	8 305 780
Provincial capital grants are used to upgrade libraries, construct heritage assets, transport museum, supply water and sanitation to farm schools, bucket eradication and supply electricity and sewerage to the prison. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Appendix D). No funds have been withheld.				



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
18.8 National Electricity Regulator		
Balance unspent at beginning of year	541 790	(658 975)
Current year receipts	2 264 000	4 300 000
Conditions met - transferred to revenue	(2 308 890)	(3 099 235)
Conditions still to be met - transferred to liabilities (see note 6 (2005/2006) and 13 (2004/2005) other debtors)	496 900	541 790
National Electricity Regulator grants are used supply electricity to consumers. The grant is spent in accordance with a business plan approved by the N.E.R.(included in Appendix D). No funds have been withheld.		
18.9 Finance Management Grant		
Balance unspent at beginning of year	3 355 288	2 820 192
Current year receipts	500 000	1 000 000
Conditions met - transferred to revenue	(2 103 467)	(441 754)
Conditions met - transferred to capital expenditure	(2 200)	(23 150)
Conditions still to be met - transferred to liabilities (see note 6)	1 749 621	3 355 288
Finance Management Grant is used to support the municipality with National Treasury budget and financial reforms. The grant is spent in accordance with a the guidelines of National Treasury. included in Appendix D). No funds have been withheld.		
18.10 Development Bank of South Africa		
Balance unspent at beginning of year	0	40 678
Current year receipts	0	0
Conditions met - transferred to revenue	0	(40 678)
Conditions met - transferred to capital expenditure	0	0
Conditions still to be met - transferred to liabilities (see note 6)	0	0
The grant received in 2006 from the Development Bank of South Africa is used support the Municipality with debt collection. The grant was spent in accordance with a business plan approved by the Development Bank of South Africa. included in Appendix D). No funds have been withheld.		
18.11 Department of Water Affairs		
Balance unspent at beginning of year	608 600	0
Current year receipts	0	650 000
Conditions met - transferred to revenue	0	(41 400)
Conditions met - transferred to capital expenditure	0	0
Conditions still to be met - transferred to liabilities (see note 6)	608 600	608 600
The grant received from the Department of Water Affairs is used support the Municipality with the relieving of drought. The grant is spent in accordance with a business plan approved by the Department of Water Affairs. included in Appendix D). No funds have been withheld.		
18.12 Provincial Government Grants		
Balance unspent at beginning of year	50 000	0
Current year receipts	0	50 000
Conditions met - transferred to revenue	0	0
Conditions met - transferred to capital expenditure	(50 000)	0
Conditions still to be met - transferred to liabilities (see note 6)	0	50 000
The grant received from the Provincial Government is used support the Municipality with the development of the Museum. The grant is spent in accordance with a business plan approved by the Provincial Government. included in Appendix D). No funds have been withheld.		
18.13 District Municipality Grants		
Balance unspent at beginning of year	0	(92 618)
Current year receipts	5 000 000	92 618
Conditions met - transferred to revenue	0	0
Conditions met - transferred to operational expenditure	(5 000 000)	0
Conditions still to be met - transferred to liabilities (see note 6)	0	0
The grant received from the District Municipality is used to support the Municipality with the repair and maintenance of fire vehicles,environmental man youth and 2010 world cup projects. Included in Appendix D). No funds have been withheld.		



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
18.14 District Municipality Capital Grants				
Balance unspent at beginning of year			0	18 767 404
Current year receipts			27 356 943	0
Conditions met - transferred to revenue			0	0
Conditions met - transferred to capital expenditure			(27 356 943)	(18 767 404)
Conditions still to be met - transferred to liabilities			0	0
Various capital grant in the form of assets were received from the District Municipality as support to the Municipality and is included in Appendix D). No assets have been withheld.				
18.15 LOTTO Capital Grants				
Balance unspent at beginning of year			0	0
Current year receipts			0	818 733
Conditions met - transferred to revenue			0	0
Conditions met - transferred to capital expenditure			0	(818 733)
Conditions still to be met - transferred to liabilities			0	0
Capital grant in the form of asset was received from the Lotto funds as support to the Municipality and is included in Appendix D). No assets have been withheld.				
18.16 Anglo Gold Ashanti Capital Grants				
Balance unspent at beginning of year			0	0
Current year receipts			76 500	1 600 400
Conditions met - transferred to revenue			0	0
Conditions met - transferred to capital expenditure			(76 500)	(1 600 400)
Conditions still to be met - transferred to liabilities			0	0
Capital grant in the form of asset was received from the Anglo Gold Ashanti funds as support to the Municipality and is included in Appendix D). No assets have been withheld.				
18.17 Changes in levels of government grants				
Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.				
			2007 R	2006 R
19 OTHER INCOME				
Abattoir			0	0
Connections			885 522	893 354
Commissions on services rendered			559 113	558 281
Provincial Government Commission on Licenses			5 624 334	4 704 402
Fees Burial			891 077	872 213
Fees Parking			370 552	427 251
Fees Ripe and Cool			346 340	436 794
Legal Costs			1 991 383	1 843 075
Provincial Government Motors Direct			4 961	643 471
MIG project management unit			561 893	789 599
Job costing			2 000 835	1 599 342
Recovery of impairment of investment			59 954	0
Revaluation of Shares			16 301	0
Sale of Stands			5 176 085	1 574 933
Seta Training			795 911	1 235 367
Transfer from unappropriated surplus			0	1 386 867
Transfer from leave provision			2 926 780	4 411 897
Unclaimed Moneys			678 996	
Wild Stock			1 219 525	456 838
Other none material income			2 081 130	2 891 098
Total Other Income			26 190 691	24 724 779
The basis of greater than R500 000 and disclosure i.t.o. GAP1.99 (Shares & investment impairment) were used to indicated the breakdown of other income.				



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

			2007	2006
			R	R
20 EMPLOYEE RELATED COSTS				
Employee related costs - Salaries, wages and other allowances			146 081 279	134 897 103
Employee related costs - Contributions for pensions, UIF, group insurance and medical aids			44 909 117	38 967 806
Travel and motor car allowances			4 972 385	4 723 730
Housing benefits and allowances			1 307 393	1 325 091
Overtime payments			8 951 105	6 984 967
Performance bonus			296 769	295 474
Less: Employee costs unauthorized to Property, Plant and Equipment			(307 429)	(889 417)
Total Employee Related Costs			206 210 619	186 304 754
There were no advances to employees. Loans to employees are set out in note 10.				
Remuneration of the Municipal Manager				
Annual Remuneration : Package			447 750	765 013
Performance Bonuses			60 589	74 480
Car Allowance			0	0
Contributions to UIF, Medical and Pension Funds			0	0
Total			508 339	839 493
Remuneration of the Chief Finance Officer				
Annual Remuneration : Package (Section 57 appointment from 15 March 2007)			187 458	0
Performance Bonuses			0	0
Car Allowance			0	0
Contributions to UIF, Medical and Pension Funds			0	0
Total			187 458	0
Remuneration of Managers				
30 June 2007	Director Infrastructure & Utilities : Section 57 appointment from 1 July 2007	Director Municipal & Social Services : Section 57 appointment from 4 December 2006	Director Corporate Services & Governance : Section 57 appointment from 12 January 2007	Director Economic Development & Procurement : Section 57 appointment from 1 January 2007
Annual Remuneration : Package	0	365 122	303 452	276 923
Performance Bonuses	0	0	0	0
Car Allowance	0	0	0	0
Contributions to UIF, Medical and Pension Funds	0	0	0	0
Total	0	365 122	303 452	276 923
30 June 2007	Deputy Municipal Manager: Technical	Deputy Municipal Manager: Administration	Public Safety Services	Health Services
Annual Remuneration	320 573	275 284	258 984	337 843
Performance Bonuses	64 630	49 056	0	0
Car Allowance	0	0	66 627	48 659
Contributions to UIF, Medical and Pension Funds	0	0	76 176	71 971
Total	385 203	324 340	401 787	458 473



CITY OF MATLOSANA				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
	Community Services	Housing Services	City Civil Engineer	City Electrical Engineer
Annual Remuneration	258 984	222 420	258 984	222 420
Performance Bonuses	0	0	0	0
Car Allowance	82 630	41 473	74 480	64 827
Contributions to UIF, Medical and Pension Funds	70 802	50 244	90 458	67 144
Total	412 216	314 137	423 920	354 391
	Corporate Services	Market Master	Local Economic Development and Procurement	Manager Financial Services
Annual Remuneration	258 984	133 407	222 420	180 395
Performance Bonuses	0	0	0	0
Car Allowance	66 387	40 732	67 140	80 348
Contributions to UIF, Medical and Pension Funds	64 778	39 689	81 675	59 023
Total	390 149	213 828	371 235	319 766
30 June 2006	Deputy Municipal Manager: Technical	Deputy Municipal Manager: Administration	Public Safety Services	Health Services
Annual Remuneration	648 894	648 894	239 532	239 532
Performance Bonuses	63 175	47 749	0	0
Car Allowance	0	0	78 765	29 218
Contributions to UIF, Medical and Pension Funds	0	0	68 572	53 220
Total	712 069	696 643	386 869	321 970
	Community Services	Housing Services	City Civil Engineer	City Electrical Engineer
Annual Remuneration	239 532	236 125	239 532	239 532
Performance Bonuses	0	0	0	0
Car Allowance	78 346	41 473	74 062	75 511
Contributions to UIF, Medical and Pension Funds	64 987	48 127	77 285	62 929
Total	382 865	325 725	390 879	377 972
	Corporate Services	Market Master	Local Economic Development and Procurement	Manager Financial Services
Annual Remuneration	269 244	206 724	206 724	363 263
Performance Bonuses	0	0	0	0
Car Allowance	67 045	63 771	63 149	120 249
Contributions to UIF, Medical and Pension Funds	61 661	63 457	33 431	83 123
Total	397 950	333 952	303 304	566 635



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
21 REMUNERATION OF COUNCILORS		
Executive Mayor	458 004	373 071
Speaker	381 891	341 958
Mayoral Committee Members (Councillors: 8)	3 207 866	3 418 553
Councillors (Councillors: 51)	6 785 132	5 079 218
Councillors pension contribution	0	870 793
Councillors medical contribution	0	318 089
Total Councillors' Remuneration	10 812 693	10 397 661
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle for official duties.		
	2007 R	2006 R
22 INTEREST PAID		
Long-term liabilities	18 933 733	24 679 973
Finance leases	0	0
Bank overdraft	0	0
Total Interest on External Borrowings	18 933 733	24 679 973
Interest was paid to lenders as indicated in Appendix A		
	2007 R	2006 R
23 BULK PURCHASES		
Electricity	105 660 613	95 247 408
Water	75 215 872	63 554 272
Total Bulk Purchases	180 876 485	158 801 679
Electricity and water are supplied by Eskom and Midvaal Water Company. Residence of Hartbeesfontein are supplied with water purchased from a private individual.		
	2007 R	2006 R
24 GRANTS AND SUBSIDIES PAID		
Total Grants and Subsidies	0	0
	2007 R	2006 R
25 GENERAL EXPENSES		
Included in general expenses are the following expenditure		
Assessment rates	2 108 970	2 008 550
Consultants	1 771 643	1 874 397
Consumables	1 721 983	0
Free Basic Services	46 792 919	40 486 905
Hire computer equipment	962 302	1 003 457
Insurance W.C.A	2 640 263	1 048 262
Insurance short-term	2 443 757	2 204 620
Levy skills development	1 531 026	1 434 084
Longterm liability: District Municipality	7 287 555	0
Mayor's special projects	617 574	2 304 246
Meter readings	3 429 024	3 194 506
Postage	2 480 616	2 294 382
Printing and stationeries	1 938 656	1 750 473
Security	2 995 009	2 701 450
Telephone and call charges	3 094 665	2 956 508
Vehicle charges	9 890 870	8 051 253
The list above represent general expenditure above R1 million. The difference of approximately R 38 million is made up by other non-material operating expenditure.		



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
26 SURPLUS OF ASSOCIATE			2007 R	2006 R
Share of retained profit on the equity method			0	0
			2007 R	2006 R
27 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP				
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP :				
27.1 Statutory Funds				
Balance previously reported:				
Asset Financing Fund				
Total			0	0
Implementation of GRAP				
Transferred to Capital Replacement Reserve				
Total			0	0
27.2 Non-Distributable Reserves				
Balance previously reported:				
Grants (FDR)				
Donations and Contributions (FDR)				
Asset Financing Reserve (FDR)				
Total			0	0
Implementation of GRAP				
Transferred to Government grants and reserves				
Transferred to Donations and public contribution reserve				
Transferred to Capitalization Reserve				
Total			0	0
27.3 Property, plant and equipment				
Balance previously reported			0	0
Implementation of GRAP				
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit)				
Total			0	0
27.4 Accumulated Depreciation				
Balance previously reported			0	0
Implementation of GRAP				
Backlog depreciation: Land and buildings				
Backlog depreciation: Infrastructure				
Backlog depreciation: Community				
Backlog depreciation: Other				
Backlog depreciation: Housing Development Fund				
Total			0	0
27.5 Accumulated Surplus/(Deficit)				
Transferred from statutory funds				
Transferred from Non-distributable Reserves				
Transferred from Property, plant and equipment				
Backlog depreciation				
Total			0	0
Council has converted the accounting records from the old funds accounting method to GAMAP during the financial year ended 30 June 2003.				



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
28 CORRECTION OF ERROR		
28.1 Housing Development Fund		
Corrections previous year	0	0
28.2 Capital Replacement Reserve		
Asset funding from Accumulated Surplus correction	0	2 704 158
Income allocation previous year correction	0	(15 233)
	0	2 688 925
28.3 Government Grants & Reserves		
Correction Offset Depreciation		
Asset funding from Donations & Public Contribution	0	54 250
Asset funding from Unappropriated Surplus	0	3 686 560
	0	3 740 810
28.4 Donations & Public Contribution Reserve		
Correction Offset Depreciation		
Asset funding to Government Grants & Reserve	0	(54 250)
Asset funding from Unappropriated Surplus	0	7 470
Asset funding to Capitalization Reserve	0	(1 496 399)
	0	(1 543 179)
28.5 Capitalization Reserve		
Asset funding correction	0	323 356
Asset funding from Unappropriated Surplus	0	342 945
Asset funding from Donations & Public Contribution Reserve	0	1 496 399
	0	2 162 700
28.6 Accumulated (Surplus)/Deficit		
Asset funding to Capital Replacement Reserve	0	2 704 158
Asset funding to Government Grants Reserve	0	3 686 560
Asset funding to Capitalization Reserve	0	342 945
Asset funding to Donations & Public Contribution Reserve	0	7 470
Assets written off less than R2 000 previous years	0	323 356
Written off old suspense accounts	0	192 656
Adjustment Budget transfer to Income		1 386 867
Transitional Grant received from Local Government transferred from suspense account to accumulated surplus.	0	(2 117 800)
Stores shortages written off		650 335
Stores surpluses taken on.		(229 696)
Adjustments	0	0
Sundry expenditure previous year corrections		3 696 556
Sundry income previous year corrections	(1 032 557)	(16 685 249)
	(1 032 557)	(6 041 842)



CITY OF MATLOSANA				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
29 CASH GENERATED BY OPERATIONS				
Surplus for the year			149 911 821	91 490 220
Adjustment for :				
Depreciation			44 573 257	37 709 856
Gain on disposal of property, plant and equipment			(833 768)	(355 363)
Contribution to provisions - current			1 924 747	7 587 850
Contribution to bad debt provision			72 034 070	82 523 000
Equity accounted share of associate's surplus			0	0
* Interest received			(50 116 891)	(40 651 424)
Interest paid			18 933 733	24 679 973
Operating surplus before working capital changes:			236 426 969	202 984 113
Decrease in inventories			1 174 925	1 369 990
(Increase)/decrease in debtors			(71 970 650)	(69 953 011)
(Increase)/decrease in other debtors			(26 689 387)	(3 658 235)
(Decrease)/increase in conditional grants and receipts			25 353 634	5 893 737
(Decrease)/increase in creditors			9 621 071	(10 432 301)
Increase in short-term portion of long-term debtors			(271 664)	431 125
Increase in VAT			6 948 257	2 223 933
Cash generated by /(unauthor in) operations			180 593 155	128 859 349
			2007 R	2006 R
30 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:				
Bank balances and cash			32 667 396	23 879 196
Call investment deposits			180 692 249	115 748 289
Bank overdraft			0	(1 802)
Total cash and cash equivalents			213 359 645	139 625 683
Overdraft facilities available to Council amounted to R6,6 million was not utilized during the year ended 30 June 2007				
			2007 R	2006 R
31 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities (see Note 2)			170 693 238	149 184 509
Used to finance property, plant and equipment - at cost			170 693 238	149 184 509
Sub-total			0	0
Cash set aside for the repayment of long-term liabilities (see note 8 and 14)			6 930 133	6 230 006
Cash invested for repayment of long-term liabilities			6 930 133	6 230 006
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.				



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

		2007 R	2006 R
32 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL			
32.1 Unauthorized expenditure			
Reconciliation of unauthorized expenditure			
Opening balance			
Unauthorized expenditure current year		34 995	0
Approved by Council or condoned			
Transfer to receivables for recovery (Note 15)			
Unauthorized expenditure awaiting authorization		34 995	0
<i>It emanates from equipment that was bought against inventory line item and did not comply with the policy to qualify as inventory. The items were of a capital nature and a report will be submitted to Council for the change and approval. No criminal procedures will be needed.</i>			
32.2 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance		161 958	
Fruitless and wasteful expenditure current year		0	301 958
Approved by Council or condoned			
To be recovered approximately- contingent asset		0	(140 000)
Fruitless and wasteful expenditure awaiting condonement		161 958	161 958
<i>This emanates from fraudulent transactions in Council's bank account (deposit's of cheque's). Approximately R140 000 will be recovered from the fraudulent bank account and the difference of approximately R161 958 was claimed from Council's insurance company. If unsuccessful Council will have to consider writing it off.</i>			
32.3 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance			
Irregular expenditure current year			
Condoned or written off by Council			
Transfer to receivables for recovery - not condoned			
Irregular expenditure awaiting condonement		0	0
		2007 R	2006 R
33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
33.1 Contributions to organized local government			
Opening balance			
Council subscriptions			
Amount paid - current year			
Amount paid - previous years			
Balance unpaid (included in creditors)		0	0
33.2 Audit fees			
Opening balance			
Current year audit fee		1 447 837	1 199 900
Amount paid - current year		1 447 837	1 199 900
Amount paid - previous year			
Balance unpaid (included in creditors)		0	0



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

			2007	2006
			R	R
33.3 VAT				
VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.				
33.4 PAYE and UIF				
Opening balance			1 340 869	1 477 433
Current year payroll deductions			17 213 704	19 006 501
Amount paid - current year			15 772 576	17 665 632
Amount paid - previous year			1 340 869	1 477 433
Balance unpaid (included in creditors)			1 441 129	1 340 869
The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.				
33.5 Pension and Medical Aid Deductions				
Opening balance			3 495 790	4 129 815
Current year payroll deductions and Council contributions			41 190 993	37 054 472
Amount paid - current year			37 030 834	33 558 683
Amount paid - previous year			3 495 790	4 129 815
Balance unpaid (included in creditors)			4 160 159	3 495 790
The balance represents pension and medical contributions deducted from employees in the June 2007 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2007.				
33.6 Councilor's arrear consumer accounts				
The following Councilors had arrear accounts outstanding for more than 90 days at:				
30 June 2007		Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor Dodovu TS	2 171		450	1 721
Councillor Mokoase PL	9 634		386	9 248
Councillor Pooe PR	269		167	102
Councillor Sethunya MP	16 068		4 591	11 477
Councillor Sishuba MS	238		234	4
Total Councilor Arrear Consumer Accounts 30 June 2006	28 381		5 829	22 552
		Total	Outstanding less than 90 days	Outstanding more than 90 days
Councilor Tshoniswa T	318		190	128
Councilor Tolomo MAJ	1 212		515	697
Councilor Tladi KG	5 055		733	4 322
Councilor Thaanchu OR	1 414		923	491
Councilor Tabile QVV	1 619		1 356	263
Councilor Sethunya MP	16 573		884	15 689
Councilor Sello RK	26 920		630	26 290
Councilor Segano L	507		179	329
Councilor Sebata JM	2 112		1 151	961
Councilor Ross KL	2 502		11	2 491
Councilor Malgas T	1 127		548	579
Councilor Mafuya NM	500		94	406
Councilor Le Grange JJ	15 522		34	15 488
Councilor Landela NL	518		313	206
Councilor Montingoe IS	928		928	0
Councilor Nxamakele P	4 368		261	4 107
Councilor Ntsangani H	3 802		0	3 802
Councilor Mbobo GC	3 301		660	2 641
Councilor Pitso ST	3 158		289	2 869
Councilor Malete P	9 111		673	8 438
Councilor Mojela EM	805		171	434
Councilor Mabaso SS/N	11 746		614	11 132
Total Councilor Arrear Consumer Accounts	112 913		11 157	101 756



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

		2007 R	2006 R
		<u>Highest Amount Outstanding</u>	<u>Ageing</u>
During the year the following Councillors had arrear accounts outstanding for more than 90 days			
30 June 2007			
Councillor Dodovu TS		1 063	180 Days
Councillor Mohoase PL		8 678	180 Days
Councillor Pooe PR		349	90 Days
Councillor Sethunya MP		16 614	180 Days
Councillor Sishuba MS		370	90 Days
30 June 2006			
Councilor Botes SF & JMM		306	90 Days
Councilor Ntsangani H		3 802	180 Days
Councilor Nxamakele N		2 296	180 Days
Councilor Nxamakele P		1 896	180 Days
33.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act			
None			
		2007 R	2006 R
34 OPERATING LEASE COMMITMENTS			
The Municipality's future minimum commitments on hire of photostat machines are as follows:			
Due within one year		561,647	561,647
Due between one and five years		813,810	1,375,457
Due after five years		0	0
		1,375,457	1,937,104
The Municipality's future minimum commitments on hire of vehicles are as follows:			
Due within one year		146,644	0
Due between one and five years		439,933	0
Due after five years		0	0
		586 578	0
Total lease commitments		1 962 035	1 937 104
		2007 R	2006 R
35 EVENTS AFTER THE REPORTING DATE			
Non current assets held for sale		0	0



CITY OF MATLOSANA				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
36 CAPITAL COMMITMENTS				
Commitments in respect of capital expenditure:				
- Approved and contracted for			74 455 725	27 122 600
Infrastructure			61 689 090	26 702 600
Community			4 817 630	420 000
Heritage				
Other			7 949 005	0
Housing Development Fund				
Investment Properties				
- Approved but not yet contracted for			5 000 000	6 234 100
Infrastructure				3 475 000
Community			2 000 000	0
Heritage			0	549 100
Other			3 000 000	2 210 000
Housing Development Fund				
Investment Properties				
Total			79 455 725	33 356 700
This expenditure will be financed from:				
- External Loans			13 330 730	33 356 700
- Capital Replacement Reserve			11 153 015	0
- Government Grants			54 971 980	0
- Own resources				
- District Council Grants				
			79 455 725	33 356 700
37 RETIREMENT BENEFIT INFORMATION				
<p>The Council and its employees contribute to various municipal pension funds, whilst Councilors contribute to the Pension Fund for Councilors. Both funds provide retirement benefits to the employees and Councilors respectively. Employees have a choice between a pension benefit and a gratuity benefit. Current contributions are levied against operating income based on current service costs. A full actuarial calculation is done at least every three years.</p> <p>An amount of R26 447 338 was contributed by Council in respect of councilor and employees retirement funding. These contributions have been expensed.</p> <p>Certain employees were prevented from joining Council's retirement funds. In terms of Council's employment policies, an obligation to provide pensions exists. These amounts are expensed on payment. The actuarially determined liability, which was calculated in 2007, is R 139 091. Provision has been made for this amount.</p>				



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

			2007 R	2006 R
38 CONTINGENT LIABILITY				
Claim for employee benefits			0	12 000 000
Dispute was declared by Imatu to employ personnel of the Abattoir. A settlement out of Court was reached between the parties and an amount of R 2,398,088 was paid as full and final settlement.				
City of Matlosana/J Campanella and Others (21 dismissed employees)				
Reinstatement of 21 dismissed employees. Case pending before Labour Court.				
City of Matlosana/H C Marais				
Private house was damage due to a water leakage from Councils side.			230 000	0
City of Matlosana/North West Security Services t/a Cetronic Security Services				
Contract was cancelled with Cetronic Services. The amount payable is for services delivered after cancellation date.			60 000	0
City of Matlosana/Zeda Car Leasing(Pty) Ltd t/a Avis Fleet Services				
The vehicle which was leased by the international advisor was damage in a car accident. The contract was cancelled by the Council and Avis held Council responsible for the remaining period of the contract.			20 000	0
City of Matlosana/Cetronics				
The contract between the Council and Cetronics for the provision of security services was properly cancelled on 12 December 2002. Cetronics claimed R 95 000, the basis of their claim is not clear and the action is defended.			95 000	0
City of Matlosana/A H Mostert				
Me Mostert sue Council as a result of a motor accident in which one of Council's vehicle was involved. The case is defended on various grounds which favour Council.			44 293	0
City of Matlosana, Valuation Bord and City Valuers/Diggers Development				
The said firm sue Council for expenditure they claimed which they incurred during valuation bord sittings. Their directors were summoned to appear before the board.			98 000	0
City of Matlosana/Binneman				
Binneman collided with a fire truck when the driver of the fire truck on his way to a fire skipped a red robot. The case is defended on the basis that legislation indemnifies Council in such cases.			25 000	0
City of Matlosana/Sebogodi				
Claimant claim from Council alleging that the Fire Department was negligent.			355 593	0



CITY OF MATLOSANA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				
			2007 R	2006 R
39 CONTINGENT ASSET				
City of Matlosana/ST Paul's Insurance Company				
This action is based on performance guarantees for extensions 6 and 12 Khuma.			3 500 000	5 000 000
City of Matlosana/Employees Cashiers				
This emanates from alleged irregularities in respect of receipting and theft of monies by cashiers. Forensic audit and disciplinary hearings are currently underway and the full extend are not yet known.				
City of Matlosana/Lesley Frazer				
This emanates from fraudulent transactions in Council's bank account (deposit's of cheque's). Approximately R140 000 will be recovered from the fraudulent bank account and the difference of approximately R161 958 will be claimed from Council's insurance company.			0	140 000
City of Matlosana/Employees				
This emanates from alleged irregularities in respect of misallocation of direct deposit's against consumer accounts settled in cash. Forensic audit and criminal steps are currently underway and the full extend are not yet known.				
City of Matlosana/Metroprojects & Lapa Administration				
More certificates for payment to DGD Construction was issued by the consulting engineer.			3 500 000	0
City of Matlosana/Meatforce Founders Trust				
This is an action for the liquidated estate of the Klerksdorp Abattoir and from which Council will receive its dividend.			175 000	0
City of Matlosana/Vision Meat				
In this matter action is intituted for services rendered by the Klerksdorp Abattoir. No trail date has been set for this matter and pleadings are still exchanged.			60 000	0
City of Matlosana/Verobuild				
Council applied for the liquidation of Verobuild CC for land sold in connection with various housing projects.			1 800 000	0
40 IN-KIND DONATIONS AND ASSISTANCE				
The Municipality received the following in-kind donations and assistance.				
Description				
Secondment of International Finance advisor by National Treasury. Contract was terminated during December 2006.				



CITY OF MATLOSANA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

41 SUPPLY CHAIN MANAGEMENT POLICY

Due to insufficient record keeping it was not possible to determine if the accounting officer has deviated from the Supply Chain management policy of the municipality by acquiring goods in an emergency (refer Regulation 36(2) of the SCM Regulations).

42 RELATED PARTY TRANSACTIONS

A payment to the amount of R1 607 542.67 for goods and services rendered were made to Quilifo Development CC of which Councillor P.R. Pooe is a director.

A payment to the amount of R100 000 for goods and services rendered were made to Bokamoso Business Enterprise of which Councillor R.P. Moleme is a director.

A payment to the amount of R322 527.16 for goods and services rendered were made to Dirang Mmogo Construction of which Councillor I. Bondes is a director.

A payment to the amount of R1 593 876.78 for goods and services rendered were made to Motla Engineering (Pty) Ltd of which Councillor S.T. Pitso is a director.

Bulk water is purchased from the section 21 company Midvaal Water to the amount of R75 215 872 for the year under review. The following Councillors are members of the executive authority of the Midvaal Water Company E.L. Nel; G.L. Sebuasengwe; L. Segano; R.K. Sello; O.R. Thabanchu; J. Douw.

43 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

44 LOCAL GOVERNMENT : MUNICIPAL FINANCE MANAGEMENT ACT, 2003 : EXEMPTIONS

The Council will adhere to the following standards during the preparation of the financial statements

IAS 39 (AC 133) : Financial instruments : Recognition and measurement (Note exemption of certain aspects of standard)

IAS 20 (AC 134) : Accounting for government grants and disclosure of government assistance (to the extent that it does not contradict Gamap 9)

IAS 40 (AC 135) : Investment property (Note exemption of certain aspects of standard in Notice 522) (Accept exemption on the portion of "fair value")

IFRS 7 (AC 144) : Financial Instruments

IAS 14 (AC 115) : Segment Reporting (These standards are not appropriate for the public sector and should therefore not be applied by municipalities for financial reporting purposes. (Refere to National Treasury circular paragraph 2.52 dated July 2007).

IFRS 8 (AC 145) : Operating Segments



CITY OF MATLOSANA SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 1/07/2006	Received during the period	Redeemed written off during the period	Balance at 30/06/2007	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
			0			0		
Total long-term loans			0	0	0	0	0	0
ANNUITY LOAN								
Infrastructure Fin. Corp. @ 20%	53496	30-Sep-2006	5 578		5 578	0		
Development Bank of SA @ 17.2%	11846	30-Jun-2009	35 839		10 039	25 800		
Development Bank of SA @ 12%	JBC09588	30-Sep-2014	27 478 041		2 007 247	25 488 793		
Development Bank of SA @ 15%	NW10959	30-Sep-2017	6 448 501		234 918	6 211 583		
Development Bank of SA @ 15.25%	NW11182	30-Sep-2018	6 857 954		208 125	6 651 829		
Development Bank of SA @ 15.6%	NW13637	30-Sep-2020	3 816 029		79 251	3 736 778		
Development Bank of SA @ prime	NW13874/1	30-Sep-2019	7 222 222		555 556	6 666 667		
Development Bank of SA @ prime + 1%	NW13874/2	30-Jun-2019	14 998 125		0	14 998 125		
Development Bank of SA @ 11.5%	100395	30-Jun-2013	13 045 065		1 300 186	11 744 879		
Development Bank of SA @ 11.2%	101297/1	30-Jun-2019	26 411 636		974 676	25 436 959		
Development Bank of SA @ 11.2%	101297/2	30-Jun-2019	30 831 348	2 295 938	1 297 649	31 829 637		
INCA @ 12.25%	KLER-00-00131-Dec-2013		12 038 172		1 055 978	10 982 194		
Absa @ 10.92%	3022364796	30-Jun-2009		101 116		101 116	0	
Absa @ 10.85%	3022364843	30-Jun-2010		44 732		44 732	13 651	
Absa @ 10.68%	3022364851	30-Jun-2012		4 274 724		4 274 724	1 525 666	
Absa @ 10.52%	3022364877	30-Jun-2014		535 502		535 502	333 153	
Absa @ 10.31%	3022364885	30-Jun-2017		643 388		643 388	417 375	
Absa @ 10.07%	3022364893	30-Jun-2022		4 685 752		4 685 752	3 933 048	
Absa @ 9.81%	3022364908	30-Jun-2032		16 654 781		16 654 781	16 341 020	
Total Annuity Loans			149 184 509	29 235 932	7 727 203	170 893 238	22 563 903	0
TOTAL EXTERNAL LOANS			149 184 509	29 235 932	7 727 203	170 893 238	22 563 903	0

*Note. The old IMFO accounting methods were inadequate to determine the carrying value of property plant.



TABLE B: ASSETS AND LIABILITIES - 30/06/2007

	Opening Balance 1/07/2006	Additional Under Construction	Closing Balance 30/06/2007	Opening Balance 1/07/2006	Accumulated Depreciation Disposals	Closing Balance 30/06/2007	CARRYING VALUE	BUDGET ADDITIONS 2007
Land and Buildings								
Land	44 843 380		44 896 389	3 010 126	2 268	2 007 857	42 888 532	100 000
Buildings	72 805 860	13 865 081	86 725 745	23 238 889	1 654 720	23 006 344	63 719 401	20 478 540
	117 749 240	13 865 081	131 622 134	26 249 015	1 656 989	25 514 361	106 518 933	20 578 540
INFRASTRUCTURE								
Electricity networks	120 409 770	23 595 047	144 004 817	41 242 048	7 080 015	54 330 063	89 674 754	7 700 400
Roads and drains	130 111 880	21 071 404	151 183 284	43 663 210	8 084 220	52 101 440	99 081 844	54 701 251
Water networks	78 888 880	17 803 134	96 692 014	28 618 562	3 713 303	32 331 865	64 360 149	25 389 787
Sewerage networks	115 395 920	14 680 239	130 076 159	30 675 408	5 884 861	25 870 146	104 206 013	101 255 831
Side works	6 774 087	207 393	7 011 480	1 679 944	289 436	2 378 404	4 633 076	670 000
Tariffs	1 331 140	4 048 506	5 379 646	837 391	50 547	887 938	4 491 708	4 473 816
Security systems	6 000 100	738 477	6 738 577	2 817 030	1 001 179	4 430 042	2 308 535	1 331 040
	478 129 488	119 200 380	597 329 868	145 267 680	27 143 471	173 414 853	423 915 015	278 608 046
COMMUNITY ASSETS								
Buildings	31 883 180	15 264 273	47 147 453	15 412 380	1 039 039	16 451 419	30 696 034	4 070 381
Parks and Recreation	14 004 067	61 542	14 065 609	4 325 000	957 061	5 102 752	8 962 857	1 200 000
	60 387 247	15 325 815	75 713 062	19 737 380	1 996 099	21 654 471	54 058 591	5 270 381
HERITAGE ASSETS								
Museum	242 830		242 830	84 725		84 725	158 105	0
Statues	244 983		244 983				244 983	0
Archaeological buildings	500 267	141 120	641 387				641 387	170 200
Historical sites	10 587		10 587				10 587	0
Archaeological	349 738		349 738				349 738	0
Structures								1 500
	1 423 416	141 120	1 564 536	84 725	0	84 725	1 479 811	171 700
OTHER ASSETS								
Office Equipment	10 084 880	3 680 047	13 764 927	7 858 483	3 389 108	11 247 591	2 517 336	4 219 921
Furniture	20 004 020	681 707	20 685 727	24 475 443	481 086	24 956 529	1 679 030	940 377
Containers	3 430 381	820 882	4 251 263	3 072 718	886 281	2 186 437	2 064 826	835 000
Emergency equipment	107 014	81 249	188 263	348 327	71 813	320 240	638 725	10 000
Vehicles	35 782 881	3 260 078	39 042 959	25 368 784	1 725 271	26 094 055	13 948 904	5 513 000
Watercraft	7 432		7 432		465	2 972	4 460	0
Plant & equipment	84 300 732	3 175 209	87 475 941	63 684 037	8 610 890	70 294 927	17 180 914	4 430 141
	181 765 716	11 695 024	193 460 740	133 517 259	13 195 510	146 712 769	46 747 971	15 834 441
INVESTMENT PROPERTIES								
Farms	2 267 000		2 267 000				2 267 000	0
Office plots	21 088		21 088				21 088	0
Residential	3 003 548		3 003 548				3 003 548	20 000
	5 291 636	0	5 291 636	0	0	0	5 291 636	20 000
TOTAL	834 837 034	160 262 389	995 099 423	325 285 655	44 073 287	369 358 942	625 740 476	317 684 427





APPENDIX C
CITY OF MATLOSANA: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Cost/Revaluation			Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Opening Balance	Additions	Disposals	
Public Safety	36 245 010	2 475 591	917 687	17 310 182	2 148 221	794 102	19 238 623
Health Services	6 708 021	37 089	21 495	5 125 587	102 515	21 495	1 517 008
Community Services	112 320 018	17 163 307	1 263 782	54 915 653	3 758 476	299 020	69 874 434
Housing Services	5 340 400	2 142 704	147 216	2 067 970	527 974	43 178	5 283 122
Council General Expenses	4 802 244	956 265	0	1 631 796	445 610	0	3 630 113
City Civil Engineer	390 162 384	116 233 126	8 894 326	131 594 627	23 843 080	605 822	360 713 299
City Electrical Engineer	190 680 105	24 005 793	669 269	76 943 529	9 344 732	617 606	128 345 974
Corporate Services	37 328 662	1 126 829	1 981 495	18 998 500	1 673 451	1 650 192	17 457 237
Financial Services	16 785 655	1 002 696	313 656	8 208 120	1 362 276	202 551	9 606 852
Abolition	283 500	0	283 500	49 334	45 227	94 565	0
Market	22 388 755	2 951 046	65 214	8 034 392	1 118 138	54 599	16 176 655
Local Economic Dev. & Procurement	1 292 340	816 819	2 140	376 961	242 818	2 140	1 489 381
Total	834 837 894	168 971 267	14 399 759	325 256 555	45 154 517	4 385 259	623 382 598

APPENDIX D

CITY OF MATLOSANA SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

2006	2006	2006		2007	2007	2007
Actual	Actual	Surplus/ (Deficit)		Actual	Actual	Surplus/ (Deficit)
Income	Expenditure			Income	Expenditure	
R	R	R		R	R	R
14 432 231	34 499 231	(20 067 000)	Public Safety	13 981 609	36 511 906	(22 550 297)
10 891 971	13 382 194	(2 490 223)	Health Services	10 090 502	12 798 075	(2 707 573)
68 338 737	93 273 282	(24 934 545)	Community Services	81 788 968	102 775 233	(20 986 265)
2 670 993	4 999 338	(2 328 345)	Housing Services	3 785 381	5 580 328	(1 774 947)
4 054 336	65 167 545	(61 113 209)	Council General Expenses	11 447 154	72 413 267	(60 966 113)
237 212 572	201 231 817	35 980 754	City Civil Engineer	262 981 485	222 344 207	40 637 278
188 186 125	160 942 877	27 243 247	City Electrical Engineer	213 820 789	181 435 772	32 385 017
1 800 136	14 444 252	(12 644 116)	Corporate Services	3 103 406	15 220 768	(12 117 360)
198 165 646	42 575 881	155 589 785	Financial Services	230 308 425	42 918 343	187 382 082
0	569 251	(569 251)	Abattoir	248 345	201 210	47 135
12 257 284	11 481 981	775 303	Market	12 160 184	10 802 033	1 358 151
951 488	4 743 685	(3 792 177)	Local Economic Dev & Procurement	2 147 761	7 236 706	(5 088 945)
738 961 518	647 311 295	91 650 222	Sub-Total	845 844 007	710 215 845	135 628 162
7 389 301	7 389 301	0	Less Inter-Departmental Charges	6 296 042	6 296 042	0
731 572 217	639 921 994	91 650 222	Total	839 547 964	703 919 802	135 628 162
			Add: Share of Associate			
		91 650 222				135 628 162





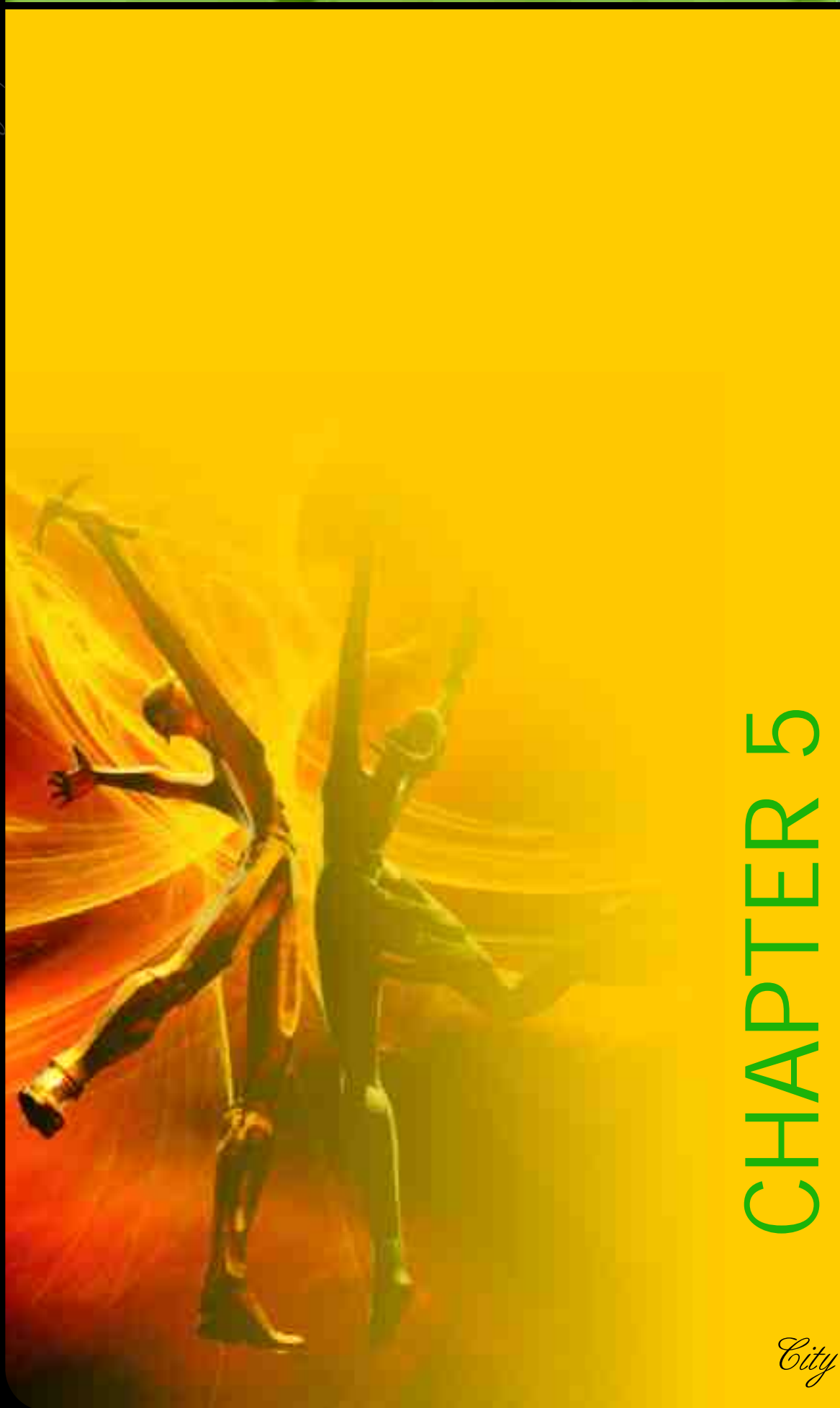
APPENDIX E(1)
CITY OF MATLOSANA: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
FOR THE YEAR ENDED 30 JUNE 2007

REVENUE	2007 Actual	2007 Original Budget	2007 Adjustment Budget	2007 Variance	2007 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates:	102 563 486	98 187 180	89 512 080	3 041 386	3.08	
Service charges:	391 232 142	364 850 370	366 815 710	24 416 432	6.66	
Market fees:	9 446 077	10 200 750	9 388 230	47 847	0.51	
Administration Fees	8 158 848	8 797 900	8 184 770	(35 121)	-0.43	
Rental of facilities and equipment	7 767 236	6 741 425	6 900 820	866 618	12.56	
Interest earned - external investments	18 115 330	8 822 745	8 921 745	9 193 594	103.05	
Interest earned - outstanding debtors	32 001 552	31 438 010	31 483 620	507 832	1.61	
Fines:	3 305 836	8 388 310	4 737 330	(11 431 491)	-30.22	Insufficient law enforcement is the result of the under performance of fines.
Licences and permits	3 482 119	3 161 510	3 187 510	284 609	9.24	
Government grants and subsidies	238 457 854	125 003 185	130 389 450	106 868 404	81.35	
Other income	28 180 881	48 724 220	77 532 034	(51 341 343)	-86.22	The income due to provisions for leave (R23.1m) from the leave provision did not realize. The following income did not realize: Cleaning of stands (R433 562), insurance claims (R340 881), contempt of court (R307 830), project management fees (R276 032)
Gains on disposal of property, plant and equipment	833 788	0	200 000	633 788	318.89	
Total Revenue	839 545 733	710 383 605	747 283 099	92 262 634	12.35	
EXPENDITURE						
Employee related costs	208 210 818	230 851 860	224 107 451	(17 698 832)	-7.99	
Remuneration of Councillors	10 812 803	11 874 940	10 981 850	(1 893 157)	-1.54	
Bad debts:	72 034 070	72 034 070	72 034 070	0	0.00	
Collection Costs	5 853 833	3 635 580	6 105 514	(451 881)	-7.40	
Depreciation	44 573 257	40 108 815	42 488 000	2 107 357	4.98	
Repairs and maintenance	29 783 268	32 261 511	36 884 752	(9 921 484)	-18.87	
Interest on external borrowings	18 933 733	27 582 610	19 243 860	(3 099 227)	-1.61	
Bulk purchases	180 876 485	171 826 840	161 016 489	(140 085)	-0.68	
Contracted services	4 721 126	4 528 660	5 013 320	(292 194)	-5.83	
General expenses - other	130 940 818	132 158 424	171 570 827	(41 230 009)	-34.03	
Loss on disposal of property, plant and equipment	0	0	0	0	0.00	
Total Expenditure	703 919 602	726 674 110	769 224 034	(65 304 232)	-8.49	
NET SURPLUS/(DEFICIT) FOR THE YEAR	135 625 931	(16 290 505)	(21 940 935)	157 566 866	-718.14	

APPENDIX 1
CITY OF MATLOSANA ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	2007 Variance	2007 Variance	Explanation of significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Land and Buildings							
Land	0		0	100 000	100 000	100	
Buildings	13 885 081		13 885 081	20 478 540	6 514 479	32	
	13 885 081	0	13 885 081	20 578 540	6 714 479	33	
INFRASTRUCTURE							
Electricity networks	20 585 047		20 585 047	7 759 430	(12 825 647)	(185)	Grants in the form of assets received from Eskom for which no budget was provided for
Roads and stormwater	21 071 404		21 071 404	54 751 351	33 679 947	62	
Water networks	17 803 134		17 803 134	25 359 787	7 466 653	20	
Sewerage networks	54 558 229		54 558 229	181 265 821	126 697 402	70	
Sidewalks	297 093		297 093	670 000	372 907	58	
Tarways	4 046 585		4 046 585	4 473 810	427 225	10	
Security systems	738 477		738 477	1 031 040	292 563	48	
	119 200 350	0	119 200 350	275 058 005	155 407 655	57	
COMMUNITY ASSETS							
Buildings	15 354 272		15 354 272	4 070 381	(11 283 891)	(1 277)	Grants in the form of assets received from Southern District Council for which no budget was provided for
Parks and Recreation	88 542		88 542	1 360 000	1 271 458	83	
	15 442 814	0	15 442 814	5 370 381	(10 070 433)	(188)	
HERITAGE ASSETS							
Museum	0		0	0	0	0	
Statues	0		0	0	0	0	
Historical buildings	147 120		147 120	170 280	23 140	0	
Historical sites	0		0	0	0	0	
Paintings	0		0	0	0	0	
Sculptures	0		0	1 500	1 500	0	
	147 120	0	147 120	171 780	24 640	14	
OTHER ASSETS							
Office Equipment	3 680 047		3 680 047	4 218 823	538 776	13	
Furniture	881 707		881 707	946 377	64 670	31	
Chairs	629 882		629 882	605 000	24 882	7	
Emergency equipment	81 351		81 351	80 000	1 351	10	
Vehicles	3 380 979		3 380 979	5 512 000	2 132 021	28	
Watercraft	0		0	0	0	0	
Plant & equipment	3 179 258		3 179 258	4 430 181	1 250 923	29	
	11 699 024	0	11 699 024	15 034 441	4 235 417	27	
INVESTMENT PROPERTIES							
Farms	0		0	0	0	0	
Office parks	0		0	0	0	0	
Housing	0		0	20 000	20 000	100	
	0	0	0	20 000	20 000	100	
TOTAL	160 252 369	0	160 252 369	317 664 127	157 331 758	43	





CHAPTER 5

Functional Area Service Delivery Report

Functional Area Service Delivery Report

GENERAL INFORMATION Executive & Council

OVERVIEW

The municipal area is characterized by the scattered four urbanized areas and still functioning as separate entities on micro level. The residential areas of the mines and Dominionville are dependent on the urbanized areas for commercial support.

<u>General Information</u>	<u>Total</u>
1. Geography	
➤ Geographical Area	3 562km ²
2. Demography	
➤ High above sea level	Between 1 300m and 1 600m
3. Population	
➤ Urban	522 596
➤ Villages	2 775
➤ Farm land	22 882
Total	548 253
4. Population per gender	
➤ Male (49,6%)	271 934
➤ Female (50,4%)	276 319
5. Number of households	
➤ Urban	117 892
➤ Village	307
Total	118 199
6. Indigent population (Registered)	36 279
7. Total number of voters	174 032
8. Age Breakdown of population	
➤ 65 years and over	21 930
➤ Between 18 and 64 years	361 847
➤ 18 years and under	164 476
9. Household income per month	
➤ Less than R1 100	36 279

(Source: North West Spatial Development Framework and Zoning Plan, Vol 2. Statistics SA)



POLITICAL OFFICES

VISION

To establish and maintain a structure that will, operate within the ambit of legislation governing local government and good governance and provide good administration, timeous and effective execution of tasks as well as providing an environment conducive for public participation.

MISSION

To ensure good administration and support to the political incumbent in the office, as well as all councillors within the budgetary constraints.

OPERATING STRUCTURE

The Executive and Council are divided into the following two political offices:

- Office of the Executive Mayor
- Office of the Speaker
- Office of the Chief Whip

SERVICE DELIVERY

OFFICE OF THE EXECUTIVE MAYOR

Overview

The Executive Mayor's role is to preside at meetings of the Mayoral Committee and to perform the duties, including ceremonial functions, and exercises the powers delegated to the Executive Mayor, by the Municipal Council, as set out in chapter 4 of the Local Government: Municipal Structures Act, 1998. The Executive Mayor is assisted, in terms of the Local Government, Municipal Structures Act, 1998, by the 8 members of the Mayoral Committee, each of whom has a different port folio committee. The Executive Mayor is further assisted by 4 Chief Whips of the different parties and 1 Council Whip.

Description of the Activity

- To preside at meetings of the Mayoral Committee
- To perform the necessary duties, including any ceremonial functions
- Exercises the powers delegated to the Executive Mayor, by the Municipal Council, as set out in Chapter 4 of the Local Government: Municipal Structures Act, 1998

Strategic objectives

- Advance the process of Local Government transformation
- Identify the needs of the municipality
- Review and evaluate those needs in order of priority
- Develop strategic programmes and services
- Address priority needs through the Integrated Development Plan
- Estimate revenue and expenditure
- Taking into account any applicable national and provincial development plans and determine in the best way, including partnerships and other approaches
- Deliver those programmes and services to the maximum benefit of the community

Key issues for 2007/2008

- The interface between EXCO and Council to align administrative and political priorities of Council managed
- Strategic development of the Office of the Mayor
- Effective communication with stakeholders
- Effective Council administration



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administrative functions:		
- Manager	1	
- Professionals	4	
- Office (clerical, administrative)	7	
- Non professional	2	
- Non skilled	2	
Total employees and salary package	16	R3,008,983.07
Total General Expenditure		R13,896,950.21

Statistical Information

DETAIL	2004/05	2005/06	2006/07
Mayoral Committee meetings	9	15	12
Special Mayoral Committee meetings	8	6	7
Caucuses	12	16	7

ACTUAL PERFORMANCE ACHIEVED BY THE SECTION MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Comply with responsibility of Mayors as promulgated Chapter 7 of MFMA by June 2007	General political guidance over fiscal and financial affairs and oversee the budget process, budgetary control and reporting to Council	100%	100%
Ensure public communication to encourage participation by June 2007	3 Mayoral outreach programmes conducted	3	3
Ensure Democratic Governance by June 2007	Report to the community and the Council through community meetings, land meetings, Mayor Committee meetings and Council Meetings	100%	100%
Ensure capacity building and skills development by June 2007	100% Scholarship funds allocated	100%	100%
Ensure fund raising for Mayor special projects by June 2007	4 Fund raising events arranged	4	0 (i)
Identify and adopt policies to comply with current legislation by June 2007	Policies identified and adopted	3	0 (ii)
Ensure communication channel with community by June 2007	8 Imbizo's held to ensure communicating with community	8	8
Ensure good governance by attending MayCo meetings by June 2007	11 MayCo meetings attended	11	11



Ensure good governance by attending Special MayCo meetings by June 2007	8 Special MayCo meetings attended	8	8
Ensure 2010 World Cup committee meetings by June 2007	2010 World Cup committees meeting held	6	0 (iii)
Ensure implementation of Council resolutions by June 2007	100% of Council resolutions implemented	100%	0% (iv)
Ensure the writing of speeches by June 2007	24 Speeches written for Executive Mayor	24	0 (iv)

NUMBER	REASON	CORRECTIVE ACTION
(i)	Not in the programme	Ensure proper planning
(ii)	Competency of Corporate Services	Ensure proper planning
(iii)	Competency of Economic Affairs	Ensure proper planning
(iv)	Ongoing	Ensure proper planning
(v)	Competency of Community Services	Ensure proper planning

REASONS AND CORRECTIVE ACTION

Host Executive Mayor's achievers events by June 2007	Achievers event hosted	1	0 (i)
Executive Mayor's moral regenerations by June 2007	2 Workshops arranged	2	1 (iv)
Ensure stakeholder meetings by June 2007	9 Stakeholder meetings arranged	9	9 (iv)
Ensure hosting of annual Air show by June 2007	1 Annual Air show attended	1	0 (v)



OFFICE OF THE SPEAKER

Overview

The Speaker's role is to preside and maintain order during Council meetings, ensure that Council meets regularly and ensure compliance with the Code of Conduct for Councillors, as set out Schedule 5 to the Local Government: Municipal Structures Act, 1998.

The Office of the Speaker also arranges Ward meetings and Ward Committee meetings. It is also responsible for training of Councillors and Ward Committee members. Receive and evaluate reports on conduct of Councillors.

Description of the Activity

- Secretarial duties to the Speaker
- Professional aide to the Speaker
- Administrative and support services to councillors
- Financial management and budgetary control
- Overall management of the Office of the Speaker
- Administrative support to ward committees
- Training and capacity building for councillors
- Training of ward committees
- Monitor compliance of councillors to the Code of Conduct.
- Implementation of the public participation programs

Strategic objectives

- To provide the best administrative support to the Speaker and all councillors.
- To ensure a positive and professional co-ordination and co-operation with the public
- Enhance efficiency of the Speaker's office and council.
- To ensure customer satisfaction at all time.
- To ensure best financial management and budgetary control.

Key issues for 2007/2008

- Strengthen the interaction with residents, communities and customers
- Customer Care Plan developed for the implementation of customer care centres
- Communication and feedback plan developed for conducting opinion surveys and sourcing IDP Feedback Information to determine Needs & Priorities
- Community Development Plan developed
- The interface between EXCO and Council to align administrative and political priorities of Council managed
- % Attendance of council meetings
- Master Plan developed for communication

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administrative functions:		
- Manager	1	
- Professionals	2	
- Office (clerical, administrative)	7	
- Non-skilled	<u>2</u>	
Total employees and salary package	12	R1,937,003.49
Total General Expenditure		R2,759,949.80



DETAIL	2004/05	2005/06	2006/07
Council meetings	Monthly	Monthly	11
Special Council meetings	Monthly	Monthly	11
Caucuses	16	12	11
Rules committee	3	5	4
Ward committee / Mass meetings	30	271	315
Imbizo	8	29	5

DETAIL	TOTAL
Councillor detail	61
Ward detail	31

ACTUAL PERFORMANCE ACHIEVED BY THE SECTION MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance indicator	Annual Target	Target Achieved 2006/2007
Ensure the presiding of Council meetings by June 2007	11 Council meetings presided	11	11
Ensure Ward Committee and Mass meetings by June 2007	330 Ward Committee and Mass meetings held	330	315 (i)
Ensure sanctions for non-attendance of meetings by Councillors by June 2007	No impositions of fines or the removal of Councillors for non-attendance of meetings	0	0
Ensure Imbizo's are arranged for community participation by June 2007	8 Imbizo's arranged	8	5 (ii)
Ensure Whips meetings are arranged by June 2007	4 Whips meetings arranged	4	4
Ensure Rules meetings are arranged	4 Rules meetings arranged	4	4
Ensure capacity building of Councillors by June 2007	60 Councillors trained	60	60
Ensure training of Ward Committee by June 2007	300 Ward Committees trained	300	300
Ensure training sessions per ward by June 2007	4 Training sessions conducted per ward	4	3 (iii)

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	In December there were no meetings held	Proper planning in future
(ii)	Due to Jouberton disaster, all meetings postponed	None
(iii)	Due to councillor's recess during December, training could not be conducted	Proper planning in future



OFFICE OF THE CHIEF WHIP

Overview

The Single Whip has to provide effective, transparent, accountable and coherent corporate governance and conduct effective oversight of the affairs of councillors irrespective of political party affiliation.

Description of the Activity

- Organize public / community awareness campaigns in consultation with the Speaker's office
- Ensure that councillors comply with all applicable legislation and Code of Conduct applicable to local government
- Attend committee meetings i.e. Whips Forum, Advisory Committees of Council and Rules Committee, including section 80 committees
- Co-ordinate the debates between external parties such as businesses, pressure groups and internal parties

Strategic objectives

- Revival of adequacy of political processes used in Council
- Attending to significant disagreement between Council and external parties
- Organizing of political debates for Council
- Promoting integration of social, political and institutional aspect of Councillors
- Attending ceremonial functions as delegated

Key issues for 2007/2008

- Promotion of moral regeneration
- Create a sound relation between political parties
- Participation in IDP & Budget Implementation programmes
- Ensuring broad community participation

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administrative functions:		
- Manager	1	
- Professionals	1	
- Office (clerical, administrative)	1	
Total employees and salary package	3	R261,591.16
Total General Expenditure		R443,951.82

Statistical Information

DETAIL	2004/05	2005/06	2006/07
Party Caucus meeting	-	-	13
Special Party Caucus meeting	-	-	9
Caucus Political Management Committee meeting	-	-	8
Special Caucus Political Management Committee meeting	-	-	2
Whip meeting	-	-	3
Whippery	-	-	4
Governance Forum	-	-	1
Awareness Campaign / Imbizo's	-	-	13



ACTUAL PERFORMANCE ACHIEVED BY THE SECTION MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance indicator	Annual Target	Target Achieved 2006/2007
Ensure sanctions for non-attendance of meetings by Councillors by June 2007	No impositions of fines or the removal of Councillors for non-attendance of meetings	0	0
Ensure Whips meetings are arranged by June 2007	4 Whips meetings arranged	4	4



OFFICE OF THE MUNICIPAL MANAGER



OFFICE OF THE Municipal Manager

SUPPORT SERVICES UNIT

PERFORMANCE MANAGEMENT

Overview

The PMS is the central management tool which assist the Council to improve service delivery by channelling the efforts of its departments and employees to meet performance targets and in so doing ensure that the municipality achieves its strategic objectives.

It is a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tool and techniques to regularly plan, continuously monitor periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact. This system will therefore ensure that all leaders, managers and individuals in. The municipality are held accountable for their actions, which should bring about improved service delivery and value for money.

Description of the activity

The Municipal Systems Act 2000 (Act 32 of 2000) prescribed that a municipality must ensure the following:

- Establish a Performance Management System
- Develop a Performance Management System
- Establish mechanisms to monitor and review its Performance Management System by:
 - Set appropriate key performance indicators;
 - Set measurable performance targets;
 - Institute a monitoring process to monitor the above;
 - Institute a process to measure and review performance;
 - A process of regular reporting
- Follow appropriate mechanisms, processes and procedures to involve the local community in the development, implementation and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets.
- Report on general key performance indicators;
- Make known, to the general public, the key performance indicators and performance targets;
- Audited the results of performance measurements;
- Prepare a performance report reflecting for each financial year:
 - The municipality's, and any service provider's performance during that financial year;
 - The development and service delivery priorities and the performance targets set by the municipality for the following financial year;
 - Measures that were or are to be taken to improve performance.

Strategic objectives

The following strategic objectives should be adhered to throughout the performance management process:

- Ensure measurement of the organisational performance
- Meet strategic development requirements
- Integrate organisational performance management into the management processes
- Ensure that strategic objectives of the organisation are cascaded down and linked to performance plans of teams
- Address input, output and outcome measures
- Cater for sustainable and continuous service improvement
- Have a strong customer and community involvement facilitated through existing IDP processes
- Identify what is needed for an information management system
- Be simple and easy to apply
- Ensure internal capacity building and skills development and be linked to the Municipal Capacity Building Programme
- Facilitate change management



- Provided a basis for a link between organisational performance and individual performance
- Provide a framework for auditing performance
- Allow for benchmarking
- Allow for systematic and phased or incremental implementation
- Allow for the recognition and reward of high performing teams or organisations through the creation of an award scheme

Key issues for 2007/2008

- Develop a Performance Management System capable of measuring the contribution of people in managerial positions
- Quarterly Service Delivery and Budget Implementation Plan report submitted to the council
- Coordinate Participation in the Vuna & Cleanest City Award Programs
- Restructuring of the organogram and approval by Council
- Report on the restructuring of supply chain management submitted to the office of the Municipal Manager

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with performance management functions:		
➤ Professionals	2	
➤ Office (clerical, administrative)	1	
Total employees and salary package	3	R677,148.28
Total General Expenditure		R857,662.49

Statistical Information

DETAIL	2004/05	2005/06	2006/07
Monitor and Review of the Service Delivery & Budget Implementation Plan (SDBIP)	Monthly monitoring of service delivery targets 100%	Monthly monitoring of service delivery targets 100%	Monthly monitoring of service delivery targets 100%
Annual Report	Annual report and Oversight report approved by Council 100%	Annual report and Oversight report approved by Council 100%	Annual report and Oversight report approved by Council 100%
Service Delivery & Budget Implementation Plan Drafting and Approval	Executive Mayor approved 2005/2006 SDBIP 100%	Executive Mayor approved 2006/2007 SDBIP 100%	Executive Mayor approved 2007/2008 SDBIP 100%
Mid Year Assessment Report 2006/2007	Monthly budget control approved by Council	Monthly budget control approved by Council	Monthly budget control approved by Council
Management Information and Action Tacking System	-	-	Server and software for the computerized Management information and Action Tracking System delivered and installed 100%
Performance Agreements (2007/2008)	2005/2006 Performance Agreements approved by Executive Mayor and Municipal Manager 100%	2006/2007 Performance Agreements approved by Executive Mayor and Municipal Manager 100%	2007/2008 Performance Agreements approved by Executive Mayor and Municipal Manager 100%
Performance Management System framework review			Draft completed



ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Oversee planning and reporting of Municipal performance by January 2007	Annual report submitted	100%	100%
Ensure compliance structures with structures Act and MFMA by March 2007	Performance agreements compiled and signed	100%	100%
Ensure annual assessment of performance of Section 57 employees by June 2007	Individual performance assessed	100%	(i) 50%
Ensure compliance with Circular 13 National Treasury by June 2007	SDBIP compiled and include in budget	100%	100%
Ensure Senior Managers meet their objectives by June 2007	Monthly and quarterly monitoring executed	100%	100%
Ensure a strategic plan for council by June 2007	100% Drafted strategy plan for Council	100%	100%
Ensure development and setting of targets on National KPI'S by June 2007	Targets developed and met National KPI'S	100%	100%
Ensure that all the planning and reporting of the performance of the Municipality conforms to the requirements of the Municipal Systems Act	Evidence to be provided that all legislation requirements have been adhered to	100%	100%

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Directors appointed January 2007	Assessment 2006/2007 to be completed by December 2007



SUPPLY CHAIN MANAGEMENT

Overview

To execute procurement in a transparent and equitable manner favouring the local economy and redressing historical imbalances.

Description of the activity

- Tenders and contracts: the conclusion of contracts through the tender process.
- Ensure compliance with all existing and new legislation.
- Control, co-ordination and execution of procurement.
- Review and update all Supply Chain Management policies and procedures.
- Compiling a database of all suppliers of products and services.
- Facilitate financial assistance to SMME's.
- Provide training in procurement procedures to entrepreneurs.
- Ensure compliance with all existing and new legislation.

Strategic objectives

- Increase tenders to be awarded to women, youth and disabled persons
- Facilitate the identification and certification of businesses from designated sectors of society
- Making procurement readily available to designated businesses
- Increase the rand value of procurement spent towards the designated businesses
- Skills development and training courses
- Workshops to comply with legislation

Key issues for 2007/2008

- Effective administrative and institutional systems, structures and procedures
- Sustainable community investment programmes introduced and implemented
- Conclusion of tender contracts within 8 weeks
- Arrange tendering and supplier development workshops
- Ensure that 50% of tenders are awarded to HDI

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with supply chain management functions:		
➤ Professionals	1	
➤ Office (clerical, administrative)	1	
Total employees and salary package	2	R690,270.32
Total General Expenditure		R681,113.73

Statistical Information

DETAIL	2004/05	2005/06	2005/06
Number of Procurement Committee Meetings	23	28	17
Supply Chain Workshop	8	19	6
Tenders considered	74	111	75
Number of Tenders approved	74	107	70
Tendering workshops	4	11	10
Time taken to approved tenders	10	8	8



ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance indicator	Annual Target	Target Achieved 2006/2007
Ensure a effective supply chain management service by June 2007	Conclusion of a contract within 8 weeks	8	8
Ensure capacity building on procurement service by June 2007	4 Tendering workshops arranged	4	4
Ensure proper awarding of tenders to HDI companies by June 2007	50% of tenders awarded to HDI	50%	82,33%
Create capacity and opportunity by June 2007	4 Supplier development workshops arranged	4	4
Ensure compliance with legislation by June 2007	Review annually policies and procedures	3	1 (i)
Ensure publication of an annual overview by June 2007	Overview report published	1	1
Ensure publication of quarterly SCM	Quarterly report submitted to Executive Mayor on SCM	4	4

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	3 x Workshops arranged, but postponed by Councillors	Matter to be investigated



INTERNAL AUDIT UNIT

Overview

Internal Auditing is an independent appraised function established within the Municipality to examine and evaluate the Municipalities activities.

The role of Internal Audit is that of a service to management. As a management service, the function has to be recognised as an integral part of the management structure and part of the fabric of trust.

Description of the activity

The purpose of internal auditing is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Internal Audit Activity (IAA) intends to function in a manner that ensures that:

- Risks are appropriately identified and managed
- Significant financial, managerial, and operating information is accurate, reliable, and timely
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved
- Significant legislative or regulatory issues impacting the organisation are recognized and addressed appropriately.

Opportunities for improving management control, operations, and the organisation's image may be identified during audits. The IAA shall communicate identified opportunities and risks to the appropriate levels of management.

Strategic Objectives

The primary objective of Internal Audit is to assist the Accounting Officer and the Audit Committee in the effective discharge of their responsibilities; Internal audit will provide them with independent analysis, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance.

The mission of the IAA is to provide the organization with a value added internal audit function by assisting management in controlling risk, monitoring compliance, corporate governance and improving efficiency and effectiveness of the internal control system.

Internal Audit follows an integrated approach, which places emphasis on the identification of risks, the prioritising thereof and testing of controls over key risk areas. The integrated audit approach combines two types of audit engagements, i.e. assurance and consulting services.

The scope of the audits includes the examination and evaluation of the adequacy and effectiveness of the organisation's system of internal control and the quality of performance in carrying out assigned responsibilities. The scope includes the following:

- Review the reliability and integrity of financial information and the means to identify measure, classify and report such information
- Review the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports
- Review the means of safeguarding assets and where appropriate, verify the existence of such assets
- Review operations or programmes to ascertain whether or not results are consistent with established objectives and goals and whether or not the operations are being carried out as planned
- Communicate the results of work performed to management



Key issues for 2007/2008

- Unqualified audit report achieved and maintained
- Financial and performance audit committee established and functional
- Detailed audits on all quarterly performance reports presented to Council

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with supply chain management functions:		
➤ Professionals	2	
➤ Office (clerical, administrative)	3	
Total employees and salary package	5	R931,242.60
Total General Expenditure		R1,066,481.36

Statistical Information

DETAIL	2004/05	2005/06	2006/07
Performance Management System audit	0%	0%	100%
Assisting in forensic audits	None	None	4
Establishment of Audit Committee	None	Committee Established	Not functioning due to resignation of 2 members of Committee
Execution of Ad Hoc audits and audit programme	75% audit plan	100% Ad Hoc audits	100% Ad Hoc audits; 50% audit plan
Participation in Internship programme	0%	0%	4 Interns accepted within Internal Audit Activity

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure good governance within the municipality so that transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with in terms of the relevant legislation by June 2007	Audit reports to show evidence of compliance to legislation.	100%	100%
Ensure that all the planning and reporting of the performance of the Municipality conforms to the requirements of the Municipal Systems Act	Evidence to be provided that all legislation requirements have been adhered to	100%	100%



DIRECTORATE Infrastructure & Utilities



DIRECTORATE Infrastructure & Utilities

CIVIL ENGINEERING SERVICES

VISION

To provide and maintain quality sustainable civil engineering services.

MISSION

The development and management of an affordable, appropriate and high quality civil engineering and building environment services, to continuously improve quality life in a sustainable, safe, economical, equitable, integrated, environmentally sensitive and participatory manner.

OPERATING STRUCTURE

The department provides the following services:

- Support & Administration
- Development Planning and Building Control
- Road, Storm-water
- Waste Landfill Sites
- Water
- Sewerage
- Building Construction

SERVICE DELIVERY

SUPPORT & ADMINISTRATION

Overview

This section is rendering a general support and administrative service, while liaising with all internal sections, other departments and communicating with community members about the rendering of town-planning, building survey, building construction, water, sewerage, roads and storm-water services and waste landfill sites.

Description of the Activity

The following support services are provided:

- General administrative support to all the departmental sections
- Typing of all correspondence and reports
- Receive and distribute correspondence
- Collect written comments on applications received or complaints and distribute it to relevant departments or individuals
- Manage the departmental filing system
- General personnel management such as leave administration, personnel inquiries and disciplinary actions
- Assist with the calling of tenders and quotations and Council's procurement process
- Involved in the department's financial management through inputs in the budgetary process, budget control and submission of financial reports
- Arrange meetings as well as compile and distribute agendas and minutes of the meetings
- The application of the Occupational Health and Safety Act
- The compilation of Standard Work Procedures and Management Directives



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administrative functions:		
- Manager	1	
- Professionals	1	
- Office (clerical, administrative)	4	
- Non-skilled	1	
Total employees and salary package	7	R1 454 391.80
Total General Expenditure		R1 071 147.58

Statistical Information

	2004/05	2005/06	2006/07
Number of interviews for filling of vacant posts	15	10	21
Number of new appointees	13	10	19
Number of students for in service training	2	2	3
Number of letters and other correspondence received	4600	5 000	6332
Number of letter, reports, agendas and minutes dispatched	260	3 000	3300

DEVELOPMENT PLANNING AND BUILDING CONTROL

Overview

The Development Planning and Building Control Section are responsible for all activities associated with development initiatives of even of Council and in support of the private sector.

Description of the Activity

- Ongoing spatial planning for the entire municipal area
- Ensure development facilitation of all new property development
- Policy foundation to standardize the land use application processes and to ensure that legislation governing it is implemented correctly and consistently
- Effective land use management
- Control management of outdoor advertising in the city
- Up-keeping of the Geographic Information System
- Deals with all building plans submitted for approval and the related inspections for such premises during construction
- The provision of basic Building inspection services
- Building surveying and control maintained on a monthly basis
- Approved Spatial Development Framework

Strategic objectives

- Create an environment receptive for development
- Guide development in the municipal area according to policy

Key issues for 2007/2008

- Ensure the up-keeping of valuation information
- Approve building plans within one month after submission
- Ensure compliance with NBR by carrying out inspections
- Approve applications for outdoor advertise within seven days of submission
- To ensure that the urgent need for housing is addressed in the best affordable manner
- % new access to housing in terms of households
- Project Plan developed for Housing development



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with development planning and building control functions:		
- Assistant Manager	1	
- Professionals	8	
- Office (clerical, administrative)	5	
- Non professionals (blue collar, outside workforce)	1	
- Non-skilled	0	
Total employees and salary package	15	R3,005,156.74
Total General Expenditure		R4,605,898.29

Statistical Information

	2004/05	2005/06	2006/07
Detail of building plans			
➤ Number of building plans approved (excluding low cost housing)	2 428	1 457	2 118
➤ Value of building plans approved	R555 008 110	R405 737 600	R562 746 900
Number of applications received for:			
➤ Township establishment	5	23	32
➤ Rezoning	163	110	192
➤ Special consent	55	296	268

ROADS AND STORM-WATER

Overview

The planning, provision and maintenance of roads and storm-water infrastructure are the responsibilities of the Road, Storm-water and Landfill sites section.

Description of the Activity

The road and storm-water drainage maintenance and construction responsibilities of the municipality are administered as follows and include:

- Creating of new infrastructure
- Ongoing assistance to ensure that new developments are expedited and roads and storm-water drainage infrastructure is provided in accordance with standards and specifications.
- Analysis of all aspects of the existing roads, network and storm-water drainage system to pro-actively identify ageing infrastructure, problems and bottlenecks in the flow of traffic
- Continuous management and control to ensure the optimum availability of the road network to the public and proper storm-water drainage

Strategic objectives

- Plan for and provide roads and storm-water infrastructure to support and facilitate economic growth and to promote social development
- Keep roads and storm-water drainage infrastructure maintainable and serviceable
- Promote traffic control systems in conjunction with the Public Safety Department to improve flow of traffic
- Alleviate traffic congestion
- Provide the management and support services needed



Key issues for 2007/2008

- Maintenance of existing gravel and tar roads
- Maintenance of storm-water system
- To develop a program for bringing relief to residents who suffer from the impact of rain- and storm water in areas where muddy conditions and un-surfaced roads are the norm
- % Progress on the elimination of service backlogs
- Provision of visible road signage by 2008
- Regional landfill site (Phase2)
- NMT Infrastructure
- Resealing of roads

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with roads and storm-water functions:		
- Assistant Manager	1	
- Professionals	7	
- Office (clerical, administrative)	2	
- Non professionals (blue collar, outside workforce)	23	
- Non-skilled	<u>99</u>	
Total employees and salary package	132	R11,174,172.47
Total General Expenditure		R37,513,028.29

Statistical Information

DETAIL	2004/05	2005/06	2006/07	COST
Total number, kilometres and total value of road projects:				
➤ New bituminized	N/A	4km	10,4km	R6 000 000
➤ New gravel		0	14 904 600	R0
➤ Existing re-tarring		40,4km	3 500 000	R9 410 000
Total kilometres and maintenance cost associated with existing roads provided:				
➤ Tar	N/A	1 025 km	1 035 km	Not budgeted for as a line item. Forms part of total budget for Roads Section
➤ Paved		32 km	32 km	
➤ Gravel		660 km	650 km	
Average frequency of grading of roads				
➤ Gravel	108km	335km	507 km	R567 000 - SDM R500 000 - Council Funding
Estimated backlog in number of roads, in kilometres and capital cost:				
➤ Tar and applicable storm-water systems	N/A	(Existing gravel roads) 660 km	(Existing gravel roads) 650 km	(Estimated amount for elimination of current backlogs) R660 000 000
Type and number of grants and subsidies received				
	MIG	None	PTIF - Integrated Transport Plan	4 000 000 30 500 000 (Roll Over)



WASTE LANDFILL SITES

Overview

The planning provision and running of the waste landfill sites are the responsibilities of the Roads, Storm-water and Waste Landfill Sites Section.

Description of the activity

The operating of waste landfill sites of the municipality are administered as follows and include:

- Continuous management and control of existing waste landfill sites to ensure safe handling of solid waste and compliance with all applicable legislation

Strategic objectives

- Operate the waste landfill sites to meet legal requirements

Key issues for 2007/2008

- Completion of New Klerksdorp Landfill Site

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with waste landfill sites functions:		
- Non professionals (blue collar, outside workforce)	3	
- Non-skilled	7	
Total employees and salary package	10	R761,240.46

Statistical Information

DETAIL	2004/05	2005/06	2006/07
Total and projected tonnage of all waste landfill disposed:			
➤ Domestic/Commercial/Garden (Total)	Not Available	40 000 ton	45 000
➤ Domestic/Commercial/Garden (Projected)		42 000 ton	100 617
Total operating cost of solid waste management function	Not Available	R2 148 030	R2 059 770

DETAIL	TOTAL
Total number, capacity and life expectancy of refuse disposal sites:-	
➤ Klerksdorp (5 years)	1
➤ Orkney (to be closed in 2008)	1
➤ Stilfontein (to be closed in 2008)	1
➤ Hartbeesfontein (20 years)	1



WATER

Overview

Water distribution involves the bulk purchase of water and its distribution by the Water Section.

Description of the Activity

- Creating of new infrastructure from distribution of the water to the consumer
- Purchase and storage of water in bulk
- Distribute the water through a water network that includes pump-stations, pipes, and water-meters
- Test and replacement of water-meters
- Water quality testing and treatment
- Ongoing assistance to ensure that new developments are expedited and water infrastructure is installed in accordance with standards and specifications
- Analysis of all aspects of the existing water-supply system to pro-actively identify worn-out infrastructure, problems and bottlenecks
- Continuous management and control to ensure the optimum availability of the water supply infrastructure

Strategic objectives

- Render sustainable bulk water service by supplying adequate water of the good quality on a continuous basis and at an affordable cost to the consumers
- Provide, operate and maintain the water distribution system to meet the needs of all consumers and reduce unaccounted water

Key issues for 2007/2008

- Further introduce water management measures to reduce water unaccounted for
- Provide water networks with water-meters to un-serviced households
- Project Plan developed for Khuma Bulk Supply
- Project Plan developed for Water Meter Replacement

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with water functions:		
- Assistant Manager	1	
- Professionals	9	
- Office (clerical, administrative)	2	
- Non professionals (blue collar, outside workforce)	26	
- Non-skilled	39	
	77	
Total employees and salary package		R8,864,629.49
Total General Expenditure		R126,958,561.70



DETAIL	2004/05	2005/06	2006/07	COST
Percentage of total water usage per month				
Month Percentage of Volume				
July 2006 7.4%	2 532 756 kl	1 665 894 kl	1 841 613 kl	R5 248 839
August 2006 8.8%	3 056 304 kl	1 984 583 kl	1 800 397 kl	R3 401 191
September 2006 9.1%	3 226 807 kl	2 051 452 kl	1 947 938 kl	R3 843 814
October 2006 9.4%	3 213 235 kl	2 125 653 kl	2 424 022 kl	R7 272 066
November 2006 9.4%	3 771 228 kl	2 130 463 kl	2 219 863 kl	R6 659 589
December 2006 8.9%	3 023 683 kl	2 012 186 kl	2 071 110 kl	R6 213 330
January 2007 8.9%	2 852 978 kl	2 020 951 kl	2 173 314 kl	R6 519 942
February 2007 7.5%	2 769 944 kl	1 694 504 kl	2 261 526 kl	R6 784 518
March 2007 6.9%	2 782 454 kl	1 559 667 kl	2 120 514 kl	R6 361 542
April 2007 7.8%	2 609 178 kl	1 760 334 kl	2 148 923 kl	R6 446 769
May 2007 7.5%	2 711 650 kl	1 698 757 kl	1 985 884 kl	R5 957 652
June 2007 8.4%	2 927 849 kl	1 889 418 kl	1 998 694 kl	R5 996 082
Total volume and cost of bulk water purchased in kilolitres.	35 478 066 kl	22 593 862 kl	24 993 798 kl	R70,705,334
Total volume and receipts of water sales				
➤ Residential communal supply		551 600	438 165	R2 442 596
➤ Residential uncontrolled		16 952 150	13 416 924	R74 793 987
➤ Commercial		1 362 750	1 078 415	R6 011 735
➤ Industrial dry		248 600	194 532	R1 084 430
➤ Other		4 747 600	3 758 400	R20 951 581
TOTAL		23 862 700	18 886 436	R105284,329
Total year to date water unaccounted for		3 991 783	5906 998	R11,448,943
Number of households with water service, and type				
➤ Piped water inside yard	78 502	114 908	128 670	
➤ Piped water on communal supply distance < 200 m from dwelling	0	6 571	-	-
➤ Below minimum standard	0	7 157	1156	
Number and cost of new water connections		549	480	R793 440
Number and cost of restriction and reconnections:				
➤ Restrictions		6 118	29 976	R796,529.60
➤ Reconnections		209	3 644	R1,618,911.51
Number and total value of water projects lanned and current:				
➤ Current	N/A	20	N/A	R15 000 000
➤ Planned 2006/2007		12		R12 686140
Anticipated expansion of water services next financial year				
➤ Piped water inside yard	N/A	6 534	2 606	R6 515 000
Estimated backlog in number (and cost to provide) water connection:				
➤ Piped water inside yard	N/A	5 808	2 606	R6 515 000
Free Basic Service Provision:				
➤ Quantity (number of households affected)	N/A	112 311	86 916	R12 022 447
➤ Quantum (value to each household)		6 kl per month free	6 kl per month free	R138.33
Type and number of grants and subsidies received:				
➤ IGG Water subsidy	N/A	3	3	R11 796 620



SEWERAGE

Overview

To contribute to the enhanced quality of life and prosperity of all the people in the municipal area by providing an affordable, efficient and cost effective sanitation service through a well established and maintained infrastructure. The enhanced quality of life includes the eradication of the bucket system being replaced with proper and healthy water borne sewer system.

Description of the Activity

- Design sewer networks for new development
- Implement maintenance programmes on sewer installations
- Treatment of waste water (sewerage and effluent) to statutory standards
- Reception of attendance to sewerage related complaints
- Contract and construction management of new sewer network infrastructure

Strategic objectives

- Provide a service that is safe to human and the environment
- To purify sewerage to specified standards

Key issues for 2007/2008

- Ensure the completion of the installation of sewer networks as identified in the IDP
- Ensure maintenance of main sewers
- To eliminate 150 vacuum tanks in Hartbeesfontein
- To eliminate 13 568 night soil buckets by constructing toilets connected to the sewer networks
- Ensure the completion of the upgrading of the Klerksdorp Waste Water Treatment Plant
- Percentage progress on the Increase Orkney Water Works Treatment Plant project
- Project Plan developed for Increase Orkney Water Works Treatment Plant
- Total spending on the project
- Percentage progress on the Bucket eradication project
- Project Plan developed for Bucket eradication

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with sewerage functions:		
- Assistant Manager	0	
- Professionals	6	
- Office (clerical, administrative)	3	
- Non professionals (blue collar, outside workforce)	19	
- Non-skilled	<u>86</u>	
Total employees and salary package	114	R10,295,168.21
Total General Expenditure		R55,313,346.67

Statistical Information

	2004/05	2005/06	2006/7
Number of sewer blockages cleaned:			
➤ main sewers	11 016	5 500	8 921
➤ private sewers	1 422	1 400	1 193
Number of new sewer connections installed	120	32	6 803
Number of services/repairs of sewer pump stations	337	340	319
Number of purified sewer samples tested for quality	384	384	384
Length of main sewers cleaned on programme	10km	12km	8km



BUILDING CONSTRUCTION

Overview

The maintenance and construction of Council buildings.

Description of the Activity

- Handling of complaints and requests on municipal buildings
- Design and implement new constructions
- Implement maintenance programmes on municipal building

Strategic objectives

- Assist departments in good time and effectively maintaining buildings under their control
- Undertake minor construction work required by Departments
- Liaise with Consultants with regards to larger construction projects on behalf of Departments
- To complete projects within the financial year

Key issues for 2007/2008

- Refurbish traffic court R500 000
- Community Library R2 000 000
- Museum Extension R625 000
- Upgrade City Halls R300 000
- Upgrade Community Halls R500 000
- New pay point in Jouberton R800 000
- Maintenance Halls and Civic Centres R2 400 000

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with building construction functions:		
- Professionals	6	
- Office (clerical, administrative)	1	
- Non professionals (blue collar, outside workforce)	9	
- Non-skilled	13	
Total employees and salary package	29	R2,945,622.38
Total General Expenditure		R3,540,597.65

Statistical Information

DETAIL	2004/05	2005/06	2006/7
Value of work completed:			
➤ Maintenance on buildings	R963,010	R3,153,480	R3,448,665
➤ Capital work	R2,146,500	R2,767,917	R7, 449,400



ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS
FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure the installation of a ladder at the reservoir by August 2006	100% Installed ladder at the reservoir at a cost of R50,000	R50,000	R50,000
Ensure the installation of the IDP Water Pressure Management by August 2006	100% Installed IDP Water Pressure Management at a cost of R326,400	R326,400	(i) R 139 000
Ensure the IDP refurbishing of Wilkoppies reservoir by June 2007	100% IDP Refurbished reservoir in Wilkoppies at a cost of R64,700	R64,700	R64,700
Ensure the IDP refurbishing of water network in Irenepark by June 2007	100% IDP Refurbished water network in Irenepark at a cost of R400,000	R400,000	R400,000
Ensure the refurbishing of water network in Khuma Proper by August 2006	100% Refurbished water network in Khuma Proper at a cost of R851,800	R851,800	R851,800
Ensure the installation of fire hydrants water networks in the townships by June 2006	100% Installed fire hydrants water networks in the townships at a cost of R1,000,000	R1,000,000	R1,000,000
Ensure IDP water supply to rural areas by July 2006	100% IDP water supply to rural areas at a cost of R236,000	R236,000	R236,000
Ensure IDP water meter replacement by July 2006	100% Replaced IDP water meter at a cost of R114,500	R114,500	R114,500
Ensure water and sanitation to farm schools by July 2006	100% Available water and sanitation to farm schools at a cost of R8,500	R8,500	R8,500
Ensure the installation of a sewer network in Kanana extension 11 by October 2006	100% Installed sewer network in Kanana extension 11 at a cost of R2,000,000	100%	100%
Ensure the construction of Condor Street, Tigane by September 2006	100% Constructed Condor Street, Tigane at a cost of R765,600	100%	100%
Ensure the construction of Mogotsi Street, Tigane by September 2006	100% Constructed Mogotsi Street, Tigane at a cost of R224,400	100%	100%
Ensure the construction of Phiai Street, Tigane by September 2006	100% Constructed Phiai Street, Tigane at a cost of R316,800	100%	100%
Ensure the construction of Molemo Street, Khuma by September 2006	100% Constructed Molemo Street, Khuma at a cost of R712,800	100%	100%



Ensure the construction of Sechele Street, Khuma by September 2006	100% Constructed Sechele Street, Khuma at a cost of R924,000	100%	0% (ii)
Ensure the construction of Mohlakoane Street, Kanana by October 2006	100% Constructed Mohlakoane Street, Kanana at a cost of R316,800	100%	100% (ii)
Ensure the construction of Elken Street, Kanana by October 2006	100% Constructed Elken Street, Kanana at a cost of R290,400	100%	100%
Ensure the construction of Hibiscus Street, Jouberton by October 2006	100% Constructed Hibiscus Street, Jouberton at a cost of R607,200	100%	0% (ii)
Ensure the construction of Kokolohutwe Street, Jouberton by October 2006	100% Constructed Kokolohutwe Street, Jouberton at a cost of R756,360	100%	100%
Ensure the construction of Mangezi Street, Jouberton by October 2006	100% Constructed Mangezi Street, Jouberton at a cost of R378,840	100%	100%
Ensure the construction of Umgangasi Street, Jouberton by October 2006	100% Constructed Umgangasi Street, Jouberton at a cost of R370,920	100%	100%
Ensure the construction of Isikungati Street, Jouberton by July 2006	100% Constructed Isikungati Street, Jouberton at a cost of R273,240	100%	0% (ii)
Ensure the construction of Sewende Street, Jouberton by July 2006	100% Constructed Sewende Street, Jouberton at a cost of R290,400	100%	0% (ii)
Ensure the construction of 23 rd Street, Jouberton by October 2006	100% Constructed 23 rd Street, Jouberton at a cost of R264,000	100%	100%
Ensure the construction of Umsintsi Street, Jouberton by October 2006	100% Constructed Umsintsi Street, Jouberton at a cost of R635,250	100%	100%
Ensure the construction of Lethabile Street, Jouberton by October 2006	100% Constructed Lethabile Street, Jouberton at a cost of R704,550	100%	100%
Ensure the construction of Lethuritsi Street, Jouberton by October 2006	100% Constructed Lethuritsi Street, Jouberton at a cost of	100%	100%
Ensure the construction of Sakheni Street, Jouberton by October 2006	100% Constructed Sakheni Street, Jouberton at a cost of R594,000	100%	100%



Ensure the construction of Taje Street, Jouberton by October 2006	100% Constructed Taje Street, Jouberton at a cost of R191,400	100%	100%
Ensure the construction of 22 nd Street, Jouberton by October 2006	100% Constructed 22 nd Street, Jouberton at a cost of R253,440	100%	100%
Ensure the construction of Roper Street, Ellaton by September 2006	100% Constructed Roper Street, Ellaton at a cost of R633,600	100%	100%
Ensure the construction of a storm water network in extension 21 by August 2006	100% Constructed storm water network in extension 21 at a cost of R1,500,000	100%	100%
Ensure the construction of a taxi route in Alabama extension 3 by October 2006	100% Constructed taxi route in Alabama extension 3 at a cost of R3,709,200	100%	100%
To ensure the building of a transfer station at Orkney by September 2006	100% Transfer station built at Orkney at a cost of R3,500,000	100%	100%
Install a water network in Tigane Ext 6 (715 Erven) by January 2007	100% Installed water network in Tigane Ext 6 (715 Erven)	715 Erven	715 Erven
Reline Jan van Riebeeck road (Stilfontein) water main by February 2007	100% Relined Jan van Riebeeck road (Stilfontein) water main	208 erven	(iii) 25 erven
Install a water network in Tigane Ext 5 (208 Erven) by November 2006	100% Installed water network in Tigane Ext 5 (208 Erven)	100%	100%
Install a rural water supply in Uraan, Oblate, Maputle and Nkagisang by September 2006	100% Installed rural water supply in Uraan, Oblate, Maputle and Nkagisang	100%	100%
Install a water supply to rural schools and clinics by December 2006	100% Installed water supply to rural schools and clinics	100%	(iv) 85%
Install a water network at Nooitgedacht holdings by December 2006	100% Installed water network Nooitgedacht holdings	100%	(v) 95%
Install 2 M ² pressure tower and pump-station in Khuma by June 2007	100% Install 2 M ² pressure tower and pump-station in Khuma	100%	100%
Install a bulk water supply in Alabama Ext 3 by February 2007	100% Installed bulk water supply in Alabama Ext 3	100%	100%
Install water pressure management system by June 2007	100% Installed water pressure management system	100%	(vi) 75%



Install a water meter replacement programme by June 2007	100% Installed water meter replacement programme	100%	100%
Install sewer network in Khuma Ext 6 (683 Erven) by December 2006	100% Installed sewer network in Khuma Ext 6 (683 Erven)	100%	100%
Install sewer network in Khuma Ext 10 (157 Erven) by October 2006	100% Installed sewer network in Khuma Ext 10 (157 Erven)	100%	100%
Install sewer network in Jouberton Ext 23 (1185 Erven) by April 2007	100% Installed sewer network in Jouberton Ext 23 (1185 Erven)	100%	100%
Install rural sanitation at Wildebeeslaagte / Palmietfontein by February 2007	100% Installed sanitation at Wildebeeslaagte / Palmietfontein	100%	(vii) 90%
Upgrade mechanical and electrical equipment Klerksdorp WWTP and pump station by January 2007	100% Upgraded mechanical and electrical equipment Klerksdorp WWTP and pump station	100%	100%
Install sewer network in Jouberton Ext 7 (11 Erven) by March 2007	100% Installed sewer network in Jouberton Ext 7 (11 Erven)	100%	100%
Install sewer network in Khuma Ext 1 (Erven 2821 to 2823) by December 2006	100% Installed sewer network in Khuma Ext 1 (Erven 2821 to 2823)	100%	100%
Install sewer network in Tigane Ext 1 (Erven 409 to 415) by January 2007	100% Installed sewer network in Tigane Ext 1 (Erven 409 to 415)	100%	100%
Install sewer network in Tigane Ext 5 (232 Erven) by January 2007	100% Installed sewer network Tigane Ext 5 (232 Erven)	100%	100%
Reline Orkney outfall sewers by March 2007	100% Orkney outfall sewers relined	100%	(viii) 15%
Install sewer network in Kanana Ext 13 (602 Erven) by January 2007	100% Installed sewer network Kanana Ext 13 (602 Erven)	100%	100%
Install sewer network in Jouberton Ext 19 West (685 Erven) by March 2007	100% Installed sewer network Jouberton Ext 19 West (685 Erven)	100%	100%
Install sewer network in Jouberton Ext 20 (991 Erven) by March 2007	100% Installed sewer network Jouberton Ext 20 (991 Erven)	100%	(ix) 65%
Increase Klerksdorp WW treatment plant to 30 MI /day by March 2007	100% Increased Klerksdorp WW treatment plant	100%	(x) 95%
Increase Orkney WW treatment plant 20 MI /day by June 2007	100% Increased Orkney WW treatment plant	100%	(x) 95%



Install sewer network in Tigane Ext 6 (699 Erven) by March 2007	100% Installed sewer network Tigane Ext 6 (699 Erven)	100%	100%
Install sewer network in Jouberton Ext 22 (521 Erven) by January 2007	100% Installed sewer network Jouberton Ext 22 (521 Erven)	100%	100%
Install sewer network in Hartbeesfontein Phase I (300 Erven) by January 2007	100% Installed sewer network Hartbeesfontein Phase I (300 Erven)	100%	(xi) 70%
Establish integrated road transport plan by August 2006	Established integrated road transport plan at a cost of R3,500,000	100%	(xii) 95%
Establish regional landfill site by June 2007	Established regional landfill site at a cost of R17,520,989 (R11,000,000 - SDM + R6,520,989 - MIG)	100%	(xiii) 95%
Ensure the replacement of old water meters to eliminate water losses by June 2007	100% Replaced water meters at a cost of R 1,500,000 to eliminate water losses	R 1,500,000	R 1,500,000
Ensure the installing of a water pressure management system by June 2007	100% Installed water pressure management system at a cost of R500,000	R500,000	(xiv) R 410 000
Reseal identified streets in KOSH by March 2007	Road resealed according to maintenance programme at a cost of R3,500,00	100%	100%
Conduct interviews to ensure best candidates for vacant positions by June 2007	Compile schedules, obtain shortlist approvals and interviews held for filling of vacant posts and appointments made within 60 days	100%	(xv) 47,5%
Ensure proper communication with Council and community by June 2007	Letters, reports, agendas and minutes dispatched by the department attended to within 30 days, pending investigations and inspections to be executed, consultations or workshops	100%	(xvi) 77%
Ensure effective maintenance of Council assets by June 2007	Improved response time attending to less urgent complaints (2 days)	100%	100%
Ensure effective maintenance of Council assets by June 2007	Improved response time attending to urgent complaints (2 weeks)	100%	100%
Ensure effective maintenance of Council assets by June 2007	Improved response time attending to urgent complaints (2 weeks)	100%	100%



Ensure maintenance of main sewers by June 2007	Sewer blockages cleaned on main sewers within 7 days of complaint received	100%	100%
Ensure installation of sewer connections by June 2007	Sewer connections application received handled within 7 days	100%	(xvii) 80%
Ensure pump stations are properly maintained by June 2007	19 Sewer pump stations maintained through a fixed programme	19	(xviii) 4
Ensure sewage is purified in Klerksdorp according to prescribed standards by June 2007	Quality of final effluent 95% within legislation requirement by weekly tests	100%	(xix) 35%
Ensure sewage is purified in Orkney according to prescribed standards by June 2007	Quality of final effluent 95% within legislation requirement by weekly tests	100%	(xx) 75%
Ensure sewage is purified in Stilfontein according to prescribed standards by June 2007	Quality of final effluent 95% within legislation requirement by weekly tests	100%	100%
Ensure sewage is purified in Hartbeesfontein according to prescribed standards by June 2007	Quality of final effluent 95% within legislation requirement by weekly tests	100%	100%
Ensure the maintenance of main sewer according to programme by June 2007	5 Km of main sewers cleaned according to programme	5	11,3km
Ensure up keeping of valuation cards by June 2007	100% Valuation cards up kept	100%	100%
Ensure fast track approval of received building plans in terms of NBR by June 2007	Approved building plans within 1 month of submission	100%	(xxi) 85%
Ensure compliance with NBR by carrying out inspections	Request for inspections responded to within 2 days	100%	(xxii) 90%
Carry out inspections to eliminate storm water intrusion in private erven by June 2007	Inspections conducted for storm water intrusion on private sewers	100%	100%
Ensure fast track approval of applications for outdoor advertising by June 2007	Approved applications for outdoor advertising within 7 days of submission	100%	100%
Ensure fast track processing of applications for subdivision and consolidation by June 2007	Subdivision and consolidation applications processed within 2 weeks of submission	100%	100%



Ensure fast track processing of applications for special consent, building line relaxation and second dwellings by June 2007	Applications for special consent, building line relaxation and second dwellings processed within 2 weeks	100%	100%
Ensure fast track processing of applications for amendment schemes and township applications by June 2007	Applications processed within 1 month after expiry of closing date	100%	100%
Maintain burst water pipelines without delay by June 2007	Burst water mains repaired within 5 hours	100%	100%
Maintain water supply assets by June 2007	Break stops repaired in pump stations within 24 hours	100%	100%
Maintain water supply assets by June 2007	Scheduled maintenance on pump stations conducted	864	789
Maintain water supply assets by June 2007	37 Reservoirs cleaned annually	37	37
Maintain water supply assets by June 2007	35 Control valves serviced annually	35	35
Maintain water supply assets by June 2007	Cathodic protection tested on pipelines every 3 months	100%	100%
Ensure the attending of water related complaints / enquiries other than burst mains by June 2007	Other water supply complaints/enquiries attended to within 2 days	100%	(xxiii) 80%
Install new water connections on request by June 2007	New water connections provided within 10 working days	100%	100%
Test water connections on requested by June 2007	Water meters tested within 10 working days	100%	100%
Schedule water meter replacements by June 2007	Water meters replaced as per schedule	2 520 meters	(xxiv) 1 330 meters
Ensure healthy drinking water by June 2007	Water samples to comply within 95% legislation	100%	100%
Ensure maintenance of tar roads by June 2007	860 Km tar roads swept	860	(xxv) 767
Ensure treatment of weeds on road cutters by June 2007	120 Km tarred roads treated for weed growing	120	210
Ensure maintenance of street signs by June 2007	600 Street signs maintained	600	756
Ensure maintenance of road surfaces by June 2007	Repair potholes within 2 days	100%	100%



Ensure maintenance of storm water channel by June 2007	2 000m Storm water channel cleaned	2 000	6 500
Ensure maintenance of railway siding servitudes by June 2007	15 Km railway siding servitudes cleaned and maintained	15	15
Ensure maintenance of gravel roads by June 2007	120 Km gravel roads graded	120	120

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	In progress	To be completed in new financial year
(ii)	Omitted, due to lack of funding (Council Resolution)	Capital Projects not to be included if funding is not available
(iii)	Projects to be omitted and funds to be transferred to fire hydrant	To be completed in new financial year
(iv)	Awaited MIG approval	To be completed by 31 Dec 2007
(v)	Contractor to start on 2 April 2007	To be completed by 17 July 2007
(vi)	Departmental lack of material.	Project in process
(vii)	Contractor short of resources	
(viii)	Awaiting report to be completed by the contractor.	Final report submitted to consulting by CCTV
(ix)	Contractor short of resources	
(x)	Contractor had workforce strike	
(xi)	Work delays due to existing services	
(xii)	Consultants appointed	Busy with data collection
(xiii)	Permission to access site was delayed	
(xiv)	Tenders to be implemented Jan - April 2007	In progress
(xv)	After the closing date of advertisements, before short listing, schedules times take too long.	Scheduling times to be reduced
(xvi)	Some correspondence needs investigations and inspection which lengthens the response time	
(xvii)	Vacant position of Special Workman	
(xviii)	No program, responsibility of Manager Electrical Engineer	
(xix)	Construction and upgrading of plant	
(xx)	Various plans had requirements / Incomplete info on building plans	
(xxi)	Lack of capacity	
(xxii)	Lack of manpower	Transport problems
(xxiii)	Contractor on site until 30 June 2007	
(xxiv)	Employed additional temporary labour	Cleaned sand deposited after rainstorms



ELECTRICAL ENGINEERING SERVICES

VISION

To be an effective and efficient electricity distributor for the people of the City of Matlosana.

MISSION

To ensure a basic level of electricity supply and to provide an electrical service in an effective and efficient manner.

OPERATING STRUCTURE

- Administration and Support
- Electrical Distribution, Planning, Testing, and Street lighting
- Occupational Health and Safety
- Fleet Maintenance
- Mechanical Workshop

SERVICE DELIVERY

ADMINISTRATION AND SUPPORT

Overview

The administration and support function is responsible for effective administration of the department and also acts as complaint centre for the department, regarding streetlights and other electrical issues.

Description of the activity

- Typing of correspondence
- Filing and safe keeping of all records
- Assisting with general electrical enquiries
- Dealing and directing electrical complaints

Strategic objectives

- Ensure effective and sufficient administration function
- NER record keeping
- Financial control of the departments budget

Key issues for 2007/2008

- Maintain proper consumer service
- Resolve electrical complaints within 30 days

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administration and support functions:		
- Manager	1	
- Professionals	2	
- Office (clerical, administrative)	4	
- Non-skilled	<u>2</u>	
Total employees and salary package	9	R2,565,898.64
Total General Expenditure		R23,273,959.27



ELECTRICAL DISTRIBUTION, PLANNING, TESTING, STREET LIGHTING AND OCCUPATIONAL HEALTH AND SAFETY

Overview

Electrical Distribution includes the bulk purchase and distribution of electricity and the maintenance of streetlights. It also includes the planning, scheduling and cost estimates and compiling specifications for electrical projects. Render measuring and drafting services and testing of electrical installations. Maintain safety in all Council workplaces, according to the Occupational Health and Safety Act (85 of 1993) and regulations.

Description of the activity

- Planning and Inspectorate Office: Plan maintenance projects, update electrical plans regular, handle public requests for electrical supply (new and upgrading), cost estimation, electrical inspections on premises, control over electrical contractors and prevention of power theft.
- Testing: Robot installations, electrical metering (medium and low voltage systems), and medium voltage protection, radio communication systems for all Council departments, fault finding, water pumping-station, sewer pumping-stations, lifts in Council buildings and training.
- Distribution: Administration, medium voltage distribution (11kv, 6,6kv, and 3.3kv networks), low voltage distribution networks, sewer pumping-station and plants, water pumping-stations, lifting equipment, buildings, streetlights, highmast lights and sportfield lights.
- Safety: Maintain safety in all Council workplaces.

Bulk supply points in Matlosana area are as follows:

Region A	Municipal Uraniaville Doringkruin	40 Mva 30 Mva 40 Mva
Region B	Jouberton Hartbeesfontein	40 Mva 5 Mva
Region C	Stilfontein Orkney	20 Mva 20 Mva

Distribution areas managed by Eskom by means of a distribution license with NER are: Kanana, Khuma and Tigane.

Strategic objectives

- Maximize preventative measures in the Matlosana area
- Ensure a basic level of electricity supply and to provide an electrical service in an effective and efficient manner
- Provide efficient and effective distribution network
- Provide maximum efficient street lighting in all urban and business areas
- Meet legal aspects
- Execute the legal responsibilities in terms of the Occupational Health and Safety Act
- Meet safety permit conditions in terms of the Occupational Health and Safety Act
- Execute all relevant legal responsibilities
- Compliance with Occupational Health and Safety Act
- Risk Assessment in Council workplaces
- Lost control throughout the Council

Key issues for 2007/2008

- Project Plan developed for Kanana - highmast lights
- Project Plan developed for Tigane - highmast lights
- Percentage progress on the highmast lights project
- Project Plan developed for percentage progress on the electrification project
- Percentage progress on the electrification project
- Upgrading 11kv distribution network - northern suburb
- 10 year electrical master plan actioned
- % Maintenance of infrastructure in terms of maintenance schedule



- The percentage of households with access to basic level electricity
- Reduction in reticulation losses for electricity
- Percentage reduction in power interruptions: number of electricity supply minutes lost
- % Progress on the elimination of service backlogs
- Complete electrification of Alabama
- Upgrade Hood Street substation
- Upgrade Hartbeesfontein substation
- Replace kiosks with mini-substations
- Replace OCB Caledon South substation
- Electrical bulk metering
- Streetlights Jouberton
- Upgrade streetlights in Stilfontein
- Replace old streetlight fittings in Orkney
- Highmast lights Alabama Extension 3
- Entrance lights
- Highmast lights Khuma Extensions 8 & 9
- Preventative maintenance on medium voltage breakers, switchgears and transformers
- Conduct electrical inspections on new and existing electrical installations
- Conduct health and safety inspections in all Council buildings
- Execute legal responsibilities

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with distribution, planning, testing, street lighting and occupational health and safety functions:		
- Assistant Manager	2	
- Professionals	30	
- Office (clerical, administrative)	1	
- Non professionals (blue collar, outside workforce)	8	
- Non-skilled	<u>50</u>	
Total employees and salary package	91	R20,240,999.86
Total General Expenditure		R153,816,770.36

Statistical Information

DETAIL	2004/2005	2005/2006	2006/2007
OFFICE OF THE MANAGER			
➤ Typing of correspondence	980	1 539	1 894
COMPLAINT OFFICE			
➤ Complaints collection	7500	5 840	4 800
➤ NER Records	7500	686	708
PLANNING			
➤ Request for electrical supply	54	239	310
➤ Cost estimations	54	239	310
➤ Electrical inspections	54	598	714
➤ Electrical construction inspections	500	107	238
➤ Check for electricity theft	2000	1 621	2100
SAFETY DIVISION			
Audit inspections	2	2	2
Compliance investigations	38	43	46



ELECTRICAL DISTRIBUTION			
➤ Maintain MV service connection	60	108	145
➤ Maintain transformers	440	187	17
➤ Maintain mini-substations	480	233	15
➤ Maintain LV service connections	7500	7 316	10 400
➤ Streetlight complaints received	4800	3 460	2 112
➤ Streetlight complaints repaired in 30 days	3800	3 460	2 112
➤ Robot inspections	3600	1 850	3 264
➤ Check batteries in substations	200	204	900
➤ Test protection relay's	80	32	256

FLEET MAINTENANCE

Overview

The garage is responsible for the daily management and maintenance of Council vehicles and mechanical equipment.

Description of the activity

- Stores: Compiling and printing of orders, stock control, issue spare parts, issue and record keeping of lubrication materials
- Vehicle maintenance: Mechanical maintenance work on motor vehicles and heavy duty vehicles and tyre maintenance on all vehicles of Council
- Equipment maintenance: Mechanical maintenance work on lawn movers (engine driven and tractor driven), wash bay operations
- Fleet Management: Inspections of vehicle fleet

Strategic objectives

- Provide an effective and efficient maintenance programme on Council's vehicle fleet
- Conduct inspections of vehicles to ensure roadworthiness of Council vehicle fleet

Key issues for 2007/2008

- Development of a vehicle replacement policy
- Repairs and services performed within 5 working days
- Repairs scheduled on Council machinery carried out within 5 working days
- Regular inspections carried out on Council vehicles

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with fleet maintenance functions:		
- Professionals	8	
- Office (clerical, administrative)	0	
- Non professionals (blue collar, outside workforce)	3	
- Non-skilled	8	
Total employees and salary package	19	R2,277,374.80
Total General Expenditure		R1,785,840.24

Statistical Information

DETAIL	2004/2005	2005/2006	2006/2007
FLEET MANAGEMENT			
➤ Inspections carried out	0	32	51



MECHANICAL WORKSHOP

Overview

The Mechanical Workshop is responsible for the maintenance all Sewer pumpstations and plant, water pumpstations, hydraulic equipment, welding, boiler-making and fitting and turning.

Description of the activity

- Store: Compiling and printing of orders, stock control, issue parts and record keeping of lubrication materials
- Fitting and Turning work: Pumps, cylinders, shafts, heavy duty equipment (refuse removal trucks, etc) and aerial platforms used by the Electrical Department
- Sewer pumpstations and plants: Pump and pipe installations, valve installations and lubrication on all rotating equipment
- Water pumpstations: Electric driven pump installations, diesel driven pump installations, pipe installations, valve installations and lubrication of all rotating equipment
- Boiler-making: Various equipment
- Welding: Various equipment

Strategic objectives

- Maintain water pumpstations
- Maintain sewerage pumpstations

Key issues for 2007/2008

- To maintain equipment cost effectively

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with mechanical workshop functions:		
- Professionals	7	
- Office (clerical, administrative)	0	
- Non professionals (blue collar, outside workforce)	1	
- Non-skilled	<u>9</u>	
Total employees and salary package	17	R2,301,235.15
Total General Expenditure		R2,545,413.81

Statistical Information

DETAIL	2004/2005	2005/2006	2006/2007
VEHICLE MAINTENANCE			
➤ Vehicles Serviced	1580	1280	1567
➤ Come backs	15	11	16
EQUIPMENT MAINTENANCE			
➤ Equipment Serviced	610	675	879
➤ Come backs	6	6	8



ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure the completion of Alabama electrification by June 2007	100% Completed electrification of Alabama at a cost of R1,200,000	100%	100%
Ensure the upgrading of the IDP 11Kv switchgear in Uraniaville by June 2007	100% Upgraded IDP 11Kv switchgear in Uraniaville at a cost of R95,200	100%	100%
Ensure the completion of street lights in Khuma by June 2007	100% Completed street lights in Khuma at a cost of R1,200,000	100%	100%
Install streetlights in various streets of Khuma by June 2007	100% Installed streetlights in Khuma at a cost of R2,020,265	100%	100%
Ensure the upgrading of 11 Kv distribution network in northern suburb (Phase 1) by June 2007	100% Upgraded 11 Kv distribution network in northern suburb (Phase 1) at a cost of R3,000,000	100%	100%
Ensure claims received from consumers as per NER standards are resolved by June 2007	100% Resolved electricity related claims received are investigated and processed within 30 days	100%	100%
Maintain proper consumer service by June 2007	100% Attention and proper record keeping of all complaints on medium, low voltage and streetlights queries	100%	100%
Provide fair and just costing to prospective electricity users by June 2007	100% Provided written quotations for received applications	800	(i) 669
Implement change over from conventional meters to prepaid meters by June 2007 (ongoing project)	900 Conventional meters changed to prepaid meters	900	(ii) 328
Conduct electrical inspections on premises by June 2007	2 000 Electrical inspections carried out on new and existing electrical installations	2 000	(iii) 1005
Effectively reduce non-technical loses through meter inspections and issuing of fines for meter tampering by June 2007	3 000 Electrical meters inspected	3 000	(iv) 363



Ensure that all council buildings comply with Health and Safety regulations by June 2007	48 Health and Safety inspection in all council buildings conducted	48	59
Maintain continuous supply of electricity to consumers by June 2007	60 Scheduled preventative maintenance performed on Medium voltage breakers and switchgear systems throughout KOSH area	60	220
Maintain uninterrupted supply of electricity to consumers by June 2007	100 Scheduled preventative maintenance performed on Medium voltage transformers throughout KOSH area	100	(v) 23
Reduce the number of electricity interruptions by June 2007	20 Upgraded existing mini-substations	20	(vi) 8
Carry out effective and efficient maintenance on council transport fleet by June 2007	Repairs and services performed within 5 days	100%	(vii) 95%
Carry out effective and efficient maintenance on council machinery by June 2007	Repairs scheduled on council machinery carried out within 5 days	100%	(vii) 90%
Effectively manage the council transport fleet by June 2007	Regular inspections carried out on council vehicles	15	(viii) 3
Maintain streetlights throughout KOSH area by June 2007 (ongoing)	100% Maintenance carried out as per scheduled programme	2 000	4 600
Ensure that all traffic control lights are at all times in working condition by June 2007 (ongoing)	100% Robots within KOSH area regularly inspected and maintained	78	541

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Only 669 applications received	None
(ii)	Only 328 requests for change over received	None
(iii)	Shortage of staff	Staff levels to be addressed in next financial year
(iv)	Only 363 suspicions of transferring received	None
(v)	Shortage of personnel. More maintenance required on switchgear.	To be addressed in next financial year
(vi)	Only 8 achieved due to other commitments from Building Section	Department to investigate
(vii)	Insufficient funds available for repairs at Distribution Section	To be addressed in new financial year
(viii)	Position of vehicle inspector vacant	Department will investigate



HOUSING SERVICES

VISION

A department able to provide efficient and efficient management and quality service delivery through an integrated and collective Housing Programme and create a new comprehensive plan of sustainable human settlements.

MISSION

To plan, implement, monitor and manage the housing delivery processes and subsidy programmes in the City of Matlosana.

OPERATING STRUCTURE

The Department disposes over four sections:

- Subsidy Administration and Support
- Policy and Planning
- Project Management
- Housing Programmes

SERVICE DELIVERY

SUBSIDY ADMINISTRATION AND SUPPORT

Overview

The section is responsible for the effective and efficient administration of finances of the Housing Department.

Description of the activity

- Ensure prompt transfer of properties and distribution of title deeds
- Ensure effective subsidy administration
- Ensure comprehensive municipal housing development plan
- Ensure that proper housing asset management is done within the municipality
- Ensure proper administration of personnel and provision of resources
- Compile the annual budget for the Department and monthly control over the budget
- Ensure effective and efficient financial management and administration of the subsidized projects
- Link the Municipality on the National Housing Database, Housing subsidy system and other National Programmes
- Link the Municipality with the Registrar of Deeds as well as the population registers

Strategic objectives

- Subsidy Administration and financial management of the Municipal housing funds and expenditures
- Financial and budget administration
- Asset management
- Debt collection

Key issues for 2007/2008

- % Registration of properties through the discount benefit scheme
- % Successful implementation of all housing subsidies allocated to the Matlosana City Council



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with Subsidy Administration and Support functions:		
➤ Manager	1	
➤ Professionals	3	
➤ Office (clerical, administrative)	6	
➤ Non-skilled	0	
Total employees and salary package	10	R1,641,733.11
Total General Expenditure		R2,450,403.52

Statistical Information

DETAIL	2006/2007
Housing applications received	1 135
Housing applications approved	998

HOUSING POLICY AND PLANNING

Overview

The purpose of the section is to assist in housing developments and community needs determination. It further evaluates building contractors and gives procurement assistance.

Description of the activity

- Ensuring the frequent review of the Municipal Housing Policy and ensuring compliance with it's intent
- Develop a strategic and policy framework for future allocation of residential erven and abandoned subsidized houses
- Provide secretarial duties to the Housing, Land and Town Planning Committee.
- Develop a dispute resolution strategy for the change of tenant ownership and for registered property owners in dispute
- Ensure that Municipal Housing development plan co-inside with the IDP of Council

Strategic objectives

- Control fraud and corruption on current housing projects
- Ensure implementation of housing policies intent
- Improve mechanisms and processes for the completion of housing projects
- Management of waiting list

Key issues for 2007/2008

- Manage the housing policy framework and legislation, formulation and monitoring of implementation of housing policies and strategies
- Eliminate squatting and demolition of shacks
- Housing accreditation plan developed for accreditation with the department of housing
- Audit functional and legislative readiness for compliance to be able to accredit housing function with the department of local government and housing



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with Housing Policy and Planning functions:		
➤ Professionals	1	
➤ Office (clerical, administrative)	3	
➤ Non-skilled	0	
Total employees and salary package	4	R237,203.52
Total General Expenditure		R367,722.73

HOUSING PROGRAMMES

Overview

The purpose of section is to administer hostel redevelopment, social and rental housing, as well as the administration of waiting lists.

Description of the activity

- Ensure transfer of previous state owned immovable property in line with the Housing Act, to their rightful owners
- Ensure social integration within hostel community and the adjacent communities
- Ensure promotion of Social Housing as a form of housing provision
- Ensure sustainability of the rental housing enquiry office
- Promote and ensure implementation of the "People's Housing Process"

Strategic objectives

- Ensure capacity building programmes for personnel
- Community capacity building programme
- Social housing development plan
- Ensure implementation of housing policies intent
- Improve mechanisms and processes for the completion of housing projects
- Redevelopment of the hostels
- Informal settlement control

Key issues for 2007/2008

- Implement awareness and educational programmes
- Hostel development programme developed for the department
- % new access to housing in terms of households
- % Implementation of the rural housing programme within the Municipal jurisdiction

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with Housing Programme functions:		
➤ Professionals	1	
➤ Office (clerical, administrative)	3	
➤ Non-skilled	1	
Total employees and salary package	5	R1,122,688.12
Total General Expenditure		R2,070,486.86



PROJECT MANAGEMENT

Overview

The Project Management section is responsible for Council's larger housing projects. It administrate social compact and contracts, implement strategic projects, and the drafting of legal documentation.

Description of the activity

- Establishment of consultative forums
- Ensure contractual arrangements
- Prepare and implement the implementation programme and cash flow
- Ensure monitoring of milestones achievement of contractors
- Manage project activities
- Manage land distribution for development purposes
- Identification of land for future housing development

Strategic objectives

- Monitor current housing projects
- Mitigate higher housing demands created by high influx of people into the community
- Resolve backlogs in RDP housing
- Ensure proper tender specifications
- Improve mechanisms and processes for the completion of housing projects

Key issues for 2007/2008

- Access to diversified housing
- Percentage progress on the housing project
- Project Plan developed for housing development

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with Project Management functions:		
- Professionals	0	
- Office (clerical, administrative)	1	
- Non-skilled	0	
Total employees and salary package	2	R604,146.41
Total General Expenditure		R622,424.47

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGET FOR 2005-2006

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure the installation of the data lines to the satellite offices by June 2007	100% Installed data lines to the satellite offices at a cost of R10,000	100%	(i) 0%
Ensure the purchasing and installation of software packages within the whole department by June 2007	100% Purchased installed software packages within the whole department at a cost of R2,200,000	100%	100%



Ensure effective financial and budget administration by ensuring timeous spending by June 2007	Spending level increased to 100% or to a reasonable and acceptable level and avoid overspending	100%	(ii) 60%
Ensure effective phasing out of assets by June 2007	100% Assets phased out and process completed	100%	(iii) 31,25%
Ensure effective subsidy administration and financial management of the housing projects by June 2007	100% Cash flow achieved	100%	(iv) 80%
Ensure appointment of personnel to upgrade the department of housing to a full department by June 2007	8 Personnel members appointed	8	(v) 0
Ensure auditing of housing finances by internal auditors by June 2007	Financial audit conducted on all internal projects and financial statements done	12	(vi) 5
Link with satellite offices and provide admin support by June 2007	6 Satellite offices linked by June 2007 and personnel provided	4	(vii) 0
Introduce capacity building programs for personnel by June 2007	100% Of housing employees trained	100%	(viii) 30%
Ensure effective monitoring and management of the waiting list by June 2007	Purified waiting list and 100% operational & effective management	100%	(ix) 37%
Ensure effective and efficient debt collection by June 2007	60% Debt recovered	60%	(x) 10%
Ensure prevention of sale of RDP houses by implementing policies by June 2007	Policy implemented to all 31 wards & workshop all ward committees	31	(ix) 20
Ensure deregistration of benefit of government subsidized houses by June 2007	50% of all abandoned RDP houses deregistered and transferred to Provincial Government	50%	(xi) 0%
Establish of the two housing advisory forums by March 2007	Established and capacitated housing advisory forum	2	(xii) 0
Monitor of housing policy implementation and dispute resolutions by June 2007	Increased monitoring by 100%	100%	90%



Ensure proper administration of hostels and rental housing by June 2007	100% improved administration of hostels and rental housing	100%	(ix) 80%
Host awareness campaigns on housing programs by June 2007	Workshops held with all the 31 wards	31	(ix) 12
Distribute Title Deeds to all beneficiaries of houses built under subsidy schemes by June 2007	100% distributed Title Deeds to owners	100%	(xiii) 60%
Acquire subsidies for evicted bond beneficiaries and occupants of properties in possession by June 2007	100% Of evictions attended to	100%	70%
Ensure effective and efficient housing planning and development by June 2007	A municipal housing development plan completed and workshopped with all 31 wards affected	31	(xiv) 6
Eliminate squatting and demolition of shacks to normalise housing situation and provision of quality houses by June 2007	5825 cases of squatting and shack demolition attended to	5825	6025
Ensure the provision of emergency housing assistance by June 2007	50% Emergency housing assistance	50%	(ix) 40%
Ensure proper administration of contracts by June 2007	100% Implemented administration of contracts	100%	(ix) 30%
Appoint Housing Inspectors and an auditor to assist compliance with regulations by June 2007	Two inspectors and one auditor appointed	3	(ix) 0



REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Data lines not yet installed due to budgetary constraints	The matter will be addressed in the new budget
(ii)	Staff shortage is a problem.	To be investigated
(iii)	Shortage of personnel and lack of resources	To be investigated
(iv)	Still to be achieved	None
(v)	Moratorium placed on housing vacancies	Manager Housing appointed 1 July 2007
(vi)	Transfer of financial section to the finance department	None
(vii)	Lack of data lines and computers	Data lines to be installed
(viii)	Co-ordination of training not done by the relevant council training section	To be investigated
(ix)	Shortage of personnel. Vacancies could not be filled due to moratorium placed on appointments	Positions should be filled
(x)	Not a housing function	None
(xi)	Lack of national guidelines on deregistration	Lack of implementation of the policy guidelines
(xii)	Shortage of Senior Personnel due to moratorium on employment of personnel	Positions should be filled
(xiii)	Poor administration and interference by councillors	Plans are in place to address the situation
(xiv)	The Development of the MHDP delayed by the workshop with the DDLGH	Workshop still to be held with DDLGH



DIRECTORATE Financial Services



DIRECTORATE Finance

FINANCIAL SERVICES

VISION

Implement and practice sound financial management in a prudent way to achieve a long-term financial stability for the City of Matlosana.

MISSION

Provide financial planning, accounting, financial reporting, budgeting, revenue and debt collection management, expenditure management, cash and investment management, capital projects financing, fixed assets accounting, risk management, financial information and support services to other departments and general public with courtesy, integrity and accountability.

OPERATING STRUCTURE

The department provides the following services:

- Administration and Support
- Customer Care Division
- Consumer Accounting & Debt Collection
- Financial Management
- Information Technology (Data)
- Expenditure

SERVICE DELIVERY

ADMINISTRATION AND SUPPORT

Overview

This division plans, organizes and directs the Financial Services/Treasury department. The division is responsible for financial planning and management, the implementation of Municipal Finance Management Act (as far as finances are concern) and the financial reporting guidelines.

Description of the activity

- Deal with the overall management of the department
- Planning, organizing, managing and control
- Responsible for strategic direction of the department
- General administrative control
- General discipline of the department
- Communication with councillors and others

Strategic objectives

- Improve working environment and relationships
- Seek opportunity to work with NGO's and provide support
- Isolate core and non-core functions



Key issues for 2007/2008

- Ensure that internal audit reports are managed and answered within two weeks
- Revise all financial related policies
- Development of staff
- Improvement of productivity through training and changes of attitudes

Analysis of the function

DETAIL	TOTAL
Number and cost to employer of all personnel associated with administration functions:	
➤ Manager	1
➤ Professionals	1
➤ Non Professionals	1
➤ Office (clerical, administrative)	2
➤ Non-skilled	9
Total employees	14

CUSTOMER CARE DIVISION

Overview

This division consists of a wide range of functional activities and service to the city. This division is also responsible for the provision of statistical information on consumption figures of electricity and water. The collection of cash, the management of it as well as the proper banking of it is the responsibility of this division. Staffing and control of all outside service agencies is to be managed by the customer care division. The manager of this division takes personal responsibility for the customer care in terms of the Batho Pele Principles to which Council prescribe.

Description of the activity

- Responsible for the control and collection of payments of services
- Responsible for the balancing and accounting on cash collected at pay points
- Responsible for property rates functions
- Responsible for debtor accounts other than consumer accounts
- Responsible for general enquiries and financial information to the public on their accounts

Strategic objectives

- Reduce action time of clearance certificates
- Complete valuation roll
- Develop a policy on rating
- Ensure refunds on property rate claims within 10 working days

Key issues for 2007/2008

- Oversee the completion of the new pay point project
- Project Plan developed for building new pay point
- Total spending on the project
- Implementation plan developed for the implementation of the Property Rates Act
- Implementation plan developed for the implementation of the Division of Revenue Act
- Compilation of the Valuation roll
- Management of contracts and escalations
- Program to collect outstanding sundry debtors to 70%
- Customer relationship management



Analysis of the function

DETAIL	TOTAL
Number and cost to employer of all personnel associated with customer care functions:	
➤ Assistant Manager	1
➤ Professionals	3
➤ Non Professionals	0
➤ Office (clerical, administrative)	55
➤ Non-skilled	<u>0</u>
Total employees	59

CONSUMER ACCOUNTING AND DEBT COLLECTION

Overview

The Consumer Accounting and Debt Collection Division are responsible for issuing accurate consumer accounts in good time. This division must also ensure that the accounts are paid on the due dates and implements the necessary credit control measures, if consumers do not pay on due dates.

Description of the activity

- Responsible for the control, maintenance and administration on consumer accounts
- Responsible for the balancing and accountability on consumer accounts
- Ensure that the meters are being read correctly by private sub contractors
- Responsible for debt collection and indigent subsidy administration
- Responsible for general enquiries and financial information to the public on their accounts

Strategic objectives

- Reduce level of non-payment through proper debt collection measures
- Proper indigent subsidy administration
- Improve the level of billing system

Key issues for 2007/2008

- Increase the payment on municipal services accounts
- Annual Debtors Collection Rate (Payment Level %) = Last months receipts/ Last months billings
- Outstanding service debtors to revenue = Total outstanding debtors to revenue / Annual revenue actually received for services
- Equitable Share utilized for free basic services in terms with the Budget
- The percentage of households earning less than the prescribed amount per month has with access to free basic services
- Manage the effective usage of bulk electricity purchases by council
- Effective financial management in the department
- Meter reading process is executed in line with best practice (Completed by June 2008)
- Customer profile per household of Khuma and Kanana identified (Completed by June 2008)
- Percentage payments per ward increased by 20% per ward: Khuma - Ward 4, 5, 6 and 7. Kanana - Ward 25, 26, 27 and 28 (Reached by June 2008)
- Customer education program (40 articles place in each of the Klerksdorp Record, Your City, Lentswe and Northwest Independent for the period July 2007 to June 2008)



Analysis of the function

DETAIL	TOTAL
Number and cost to employer of all personnel associated with consumer accounting & debt collection functions:	
➤ Assistant Manager	1
➤ Professionals	4
➤ Non Professionals	0
➤ Office (clerical, administrative)	25
➤ Non-skilled	0
Total employees	30

FINANCIAL MANAGEMENT DIVISION

Overview

The Financial Management Division provides corporate financial service, which includes the compilation and presentation of the annual operating and capital budget that is linked to the IDP, reformation of the finances and budgeting process in accordance with MFMA, financial planning, cash flow forecasts, investments of surplus cash, raising of loans, forecasting of economic trends, statistical information, the completion of the budget and annual financial statements, strategic planning of finances and to advise the Chief Financial Officer, Municipal Manager and Council.

Description of the activity

- Responsible for the budget and planning processes.
- Responsible for the compilation of Annual Financial Statements
- Responsible for the administration on the asset register & management of assets
- Responsible for cash flow and investment management
- Responsible for the insurance of assets and the administration on insurance claims

Strategic objectives

- Improve financial discipline
- Balance capital and maintenance / operating cost
- Increase maintenance expenditure ratio

Key issues for 2007/2008

- Asset register for all infrastructure and municipal property rehabilitated periodically maintained
- Budget aligned to development and service delivery targets as set out in the adopted IDP approved
- Budget and revenue management is effective
- The percentage of a Municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the Municipality's IDP
- Financial reporting and auditing is performed
- Improvement of financial indicators
- Total current assets
- Total current liabilities
- Procedures for community participation processes as set out in legislation adhered to in terms of: Planning, Budgeting, Implementation and Monitoring and reporting
- Ensure financial reporting in line with DoRa and MFMA
- Ensure financial statements based on GRAP
- Assets of the City insured in terms of a risk analysis



Analysis of the function

DETAIL	TOTAL
Number and cost to employer of all personnel associated with financial management functions:	
➤ Assistant Manager	1
➤ Professionals	6
➤ Non Professionals	0
➤ Office (clerical, administrative)	3
➤ Non-skilled	<u>0</u>
Total employees	10

Total salary package for the Admin & Support, Customer Care, Consumer Accounting & Debt Collection and Financial Management Divisions	R15,248,827.51
Total General Expenditure for the above -mentioned divisions	R45,635,678.37

INFORMATION TECHNOLOGY

Overview

This section is responsible for the operation, maintenance and security of all the computerized financial systems used by this department and other satellite offices. It also maintains Council's wide area computer network and shared systems which are used by departments such as the Internet, e-mailing and virus protection.

Description of the activity

- Responsible for the control, maintenance and administration on financial data
- Responsible for data networking of other departments
- Ensure data security
- Ensure external service providers execute their responsibilities in terms of their contracts
- Ensure alignment with current developments in the information technology environment

Strategic objectives

- Integration of council's separate computer systems.
- Revision of the 5-Year IT Master Systems Plan (MSP)

Key issues for 2007/2008

- Increase skill level of IT personnel
- Ad hoc investigations of systems
- Revision of 5 year IT strategy plan
- Integration of separate computer systems
- Upgrading of wide area network

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with information technology functions:		
➤ Assistant Manager	1	
➤ Professionals	1	
➤ Non Professionals	0	
➤ Office (clerical, administrative)	2	
➤ Non-skilled	<u>0</u>	
Total employees and salary package	4	R695,066.93
Total General Expenditure		R2,443,431.17



EXPENDITURE

Overview

This division incorporates the integrated payroll system of Council as well as the payment of any other creditor of sundry expenditure. This division also has a responsibility towards the preparation of financial statement information in regard to the expenditure of Council. It is also the responsibility of this division to manage and control the central store.

Description of the activity

- Responsible for the control, maintenance and administration on all expenditure
- Responsible for the payment to all service provider accounts
- Ensure that the bank reconciliation is performed
- Responsible for the functions of the central stores
- Responsible for the payroll
- Responsible for general enquiries and financial information to the public on their accounts

Strategic objectives

- Improve payment levels
- Improve accuracy on billing system
- Financial analysis and long term financial planning

Key issues for 2007/2008

- Creditors paid within 30 days (sect. 65e of the MFMA)
- Clarity of functions between Human Resources and Finance Department
- Computerized workflow and internal control improvement (creditors & payment of salaries)
- Learning & growth through specialized training and implementation of best practices
- Develop a system of contract payment management

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with expenditure functions:		
➤ Assistant Manager	1	
➤ Professionals	4	
➤ Non Professionals	0	
➤ Office (clerical, administrative)	18	
➤ Non-skilled	<u>4</u>	
Total employees and salary package	27	R877,883.50
Total General Expenditure		R43,587.21



ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS
FOR 2006 - 2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure that payment facilities to pay consumer accounts are available to all residents by June 2007	Pay point build in Khuma at a cost of R 500 000	100%	(i) 98%
Categorise core functions separately from non-core functions in the Finance Department by June 2007	Report submitted to Council on revised and re-allocated core and non core functions concerning Financial services Department	1	100%
Research and come up with a methodology that will reduce cost and improve productivity or performance by June 2007	100% Implemented cost effective plan that will improve performance and productivity in the Department submitted	100%	100%
Ensure that Internal Audit reports are managed and answered within two weeks after receipt. Document corrective steps for future reference	100% Of audit reports answered within 2 weeks of receipt	100%	100%
Ensure that External Audit Report are dealt with and that corrective steps are implemented by June 2007	100% Of all external audit queries attended to and corrective steps implemented	100%	100%
Ensure that correspondence is answered within one week after receipt by June 2007	100% Signed-off correspondence in a weekly register	100%	100%
Research and identify relevant training material for each section in finance department by June 2007.	100% Compiled training material document and workshopped Finance department	100%	100%
Revise all financial related policies and improve where necessary by June 2007	100% Adopted and implemented financial policies by Council	100%	100%
Guide the development of staff in the creation of a customer focused department by June 2007	Brain storming workshops held on customer care and documented guideline for the department	100%	100%
Increase skill levels of IT personnel in order to improve service delivery	1 Structured internal training session per quarter attended by 5 members	4	4



Increase skill levels of IT personnel to improve service delivery	1 Job related training course attended by 5 members	1	0 (ii)
Promote team work and an appreciation and understanding of our diverse cultures and backgrounds by June 2007	Hold formal monthly discussions/workshops to specifically address issues which will promote better relations	12	11 (iii)
Resolve audit queries on the 2004-2005 Auditor General report by June 2007	100% Queries resolved	100%	80% (iv)
Remove unnecessary stock from the system by June 2007	100% Stock audit to determine emergency stock	100% investigation of all stock	100%
Request assistance from user departments to remove redundant stock/assets, without a monetary value, from area by June 2007	Store grounds 100% cleaned and improved security	Clean Grounds	100%
Complete monthly store balancing to ensure proper mechanisms	12 monthly balancing of the sub-ledger with the main ledger completed by June 2007	12	12
Identify and remove all possible ghost employees from the Salary records by June 2007	100% verification of employees in service (\pm 2000 records)	100%	100%
Verify all personal details that could have changes from the appointment of employees by June 2007	100% verification of personal details of employees on salary system	100%	100%
Ensure a fair statement of income, debtors, creditors and expenditure by June 2007	12 monthly balanced suspense accounts	12	12
Ensure that cheques are claimed by the rightful employee	Keeping register with relevant proof	250 Days	250 Days
Ensure outstanding orders do not exceed standard of 100 pages and pay suppliers within 30 days after statement, when all invoices and relevant information are available by June 2007	Pay suppliers in time	100 Pages	295
Control the management of deposits and withdrawals by June 2007	12 Monthly bank reconciliations completed by June 2007	12	12
Revise arrangements with sundry creditors by June 2007	Delivery books to proof that all special/sundry creditors paid within 72 hours after correct documentation is received	72 hours	0% (v)



High level electronic order payments to ensure security by June 2007	100% Cheques/ electronic report	90%	91%
Ensure correct issues raised in the latest audit report by June 2007	Audit report	Less than 21	0
Increase collection rate of outstanding accounts by June 2007	90% Collection rate achieved	90%	84% (vi)
Ensure credible accounts/statements by June 2007	100% Checked and balanced accounts /statements	100%	100%
Ensure prompt Balancing of control votes by June 2007	Monthly balancing of capital votes	12	12
Ensure job excellence in raising staff moral and esteem by June 2007	2 Training sessions per staff member on job related procedure functions and 2 training sessions on other disciplines	64	64
Ensure optimum customer satisfaction and improved corporate image by June 2007	12 Staff awareness meetings held	12	12
Keep staff and the public informed on their rights and obligations by June 2007	Created culture of regular information flow and conduct regular staff meetings	36	36
Encourage harmonious relation within staff by June 2007	Hold monthly workshops to address issues of race; cultural differences and supremacy among staff	12	8 (vii)
Implement the Property Rates Act by June 2008	Appointed valuers and developed rating policy	100%	90% (viii)
Compile a property register and a valuation roll in line with the Act. by June 2008	100% Compiled property register and general valuation completed	100%	45% (ix)
Reduce response time for the issuing of clearance certificates by June 2007	1 week response time for clearance certificates	1 Week	1 week
Confirm banking within 3 working days and reconcile deposits to receipts within 5 working days by June 2007	12 Monthly reconciliation reports compiled not later than 5 th of month	12	12
A clean audit per section and prompt implementation of audit	100% Of audit queries attended to	100%	100%
Ensure correct and regular receipt allocation of sundry income by June 2007	Monthly reviewed and updated receipt codes	12	12



Ensure an improved payment rate on services levied versus payments received by June 2007	84 % per month payment of amount levied	84%	84%
Concurrent verification of debtor accounts for correct service links and debtor detail. Ensure timeous levy dates to prevent late payment by June 2007	90 % verification of debtors accounts by June 2007. Detail from the Housing Department to be provided and captured on a daily basis. Levies to be finalised by the 19 of each month. Accounts to be posted in time	90 % Levies Monthly by 17 of each month	(x) 50%
Ensure concurrent processing of indigent applications and report to Council on a monthly basis by June 2007	Upkeep of indigent consumer register and monthly reporting to Council	100% Monthly Reports	100%
Reconciliation of sub-ledgers to debtor control votes by June 2007	Monthly reconciliation sign off of task completed	100% Monthly reconciliation	96%
Concurrent training as per training programme as well as concurrent internal training on Venus facilities by June 2007	Attendance of scheduled courses and records of internal training programmes	As per training schedule	(xi) 75%
Ensure a positive attitude between officials and consumers by June 2007	Retraining of Batho Pele principles to all officials spread over 12 months	Retraining of all relevant officials	(xii) 11
Ensure concurrent feedback to consumers in respect of complaints and queries by June 2007	Utilisation of pro-forma letters to confirm account adjustments as well as written and telephonic responses to queries	100%	100%
Assist in the limitation of distribution losses due to theft and technical reasons by means of reports to the relevant departments by June 2007	Submission of meter problem reports to the relevant departments on a concurrent basis. Provision of information of suspected illegal consumption to the relevant departments on a daily basis via faxes and lists	100%	100%
Ensure sound relationships between officials in different sections in order to prevent delays in addressing consumer complaints and to ensure provision of information internally to enhance correct billing by June 2007	Joint monthly meetings to discuss and clarify problems effecting sound service delivery	Monthly meetings	100%



Improve skills development by Concurrent external training - June 2007.	Regular attendance of scheduled training courses. (5 Persons trained)	5	7
Create an environment of mutual trust and discipline by June 2007.	4 Meetings on sound relations between sectional officials held.	4	11
Produce a clean, unqualified and non-disclaimer audit report by December 2006.	100% of applicable management letters and audit issues raised during auditing received the necessary attention.	100%	100%
Insure all Council's assets by Sept 2006.	100% of Council Assets insured.	100%	100%
Investigate and develop Financial Management Ratios and Benchmarks by June 2007.	Presented summary of findings on Financial Management Ratios and Benchmarks	4	4
Investigate the implementation of Activity- Based costing on a pilot site by Sept 2006.	Visited ABC pilot project sites and gathered information and compile report.	1	1
Unbundle 40% of infra structure assets by June 2007	Capture 40% of unbundled information on an asset database.	40%	75%
Prepare daily cash management and cash borrowing by June 2007.	Prepared daily cash flow schedules and raised loans when needed	250	250
Comply with the provision of the ASB standards and MFMA and related legislation regarding financial statements by June 2007	Prepared chart of accounts and financial statements based on General Recognised Accounting Practice	100%	100%
Comply with the provision of the MFMA and National Treasury circulars regarding Council's budget by March 2007.	Prepared budget document that comply with the requirements of the MFMA	100%	100%
Assist the Accounting Officer with the assessment of the mid-year financial report by March 2007	Prepared adjustments budget that adheres to all the requirements of the MFMA	100%	100%
Submit financial reports that adhere to all the requirements of the MFMA by June 2007	Ensured financial reporting inline with the DORA and MFMA	20	20
Produce financial statements that are complaint to the relevant legislation by September 2007	Compiled financial statements based on GRAP	1	1



Introduce budget processes and compile a budget document that complies with the prescribed legislation by June 2007	100% Introduction of Budget process. Compiled budget document.	100%	100%
Prepare Intern development program and managed training of Interns by June 2007	Trained & developed interns according to key training areas set within the program. (2 Persons)	2	2

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Developer withdrew and the project was to be finalized in-house by civil engineering	Council approved roll-over.
(ii)	Although external training requests were submitted to HR, no funds were made available	Ensure proper training budget
(iii)	Recess December 2006	Ensure proper planning
(iv)	Unexpected setback when the 'live' production server crashed and the DR server was used in it's place pending the delivery and installation of a new production server	Affordable in terms of Budget limit result
(v)	Verification impossible.	Date stamping of documentation introduced
(vi)	Huge inactive accounts of abattoir (R10 280 000); Southern District Municipality (R2 818 144) and bursaries of R 33 330 prescribed and untraceable	Contractual agreements to be honoured
(vii)	Availability of staff.	Filling of vacant positions in new financial year
(viii)	Determination of specifications and tendering. Unscheduled workshop with Councillors and senior management.	Ensure proper planning
(ix)	Appointment of valuator. Process of taking valuations only starts in 2007/2008 if it has to be implemented in July 2007. The period determined was incorrect. Not in the hands of Finance	Period to be corrected
(x)	Levies done on time, but verification a housing issues	To be investigated
(xi)	Difficult to fit in proper training with the kind of workload of the section	Ensure proper planning
(xii)	Availability of staff problematic, staff absenteeism	None



DIRECTORATE Corporate Governance



DIRECTORATE

Corporate Governance

CORPORATE GOVERNANCE

VISION

To establish and maintain structures that will, within the parameters of legality and good governance provide the administration that will be appropriately, relevant, timeous and effective in the execution of tasks and be transparent as well as provide conducive environment to stimulate public participation within the co-operative governance.

MISSION

To ensure quality service and good administration relating to Public Affairs which is by any standards measurable in terms of performance standards relating to good governance and maintenance of set service levels within the budgetary constraints.

OPERATING STRUCTURE

The department provides the following services:

CORPORATE ADMINISTRATION

- Administration
- Human Resources
- Legal Services
- Land Affairs

CORPORATE GOVERNANCE

- Office of the Executive Mayor
- Office of the Speaker
- Office of the Single Whip

SERVICE DELIVERY

ADMINISTRATION

Overview

Ensure smooth administration/functioning of Council by providing timeous compilation and delivery of Council agendas to Councillors and various departmental Managers. Publish notices and tenders promptly thereby ensuring continuous development and quality service delivery to the community leaving within Council's area of jurisdiction as well as ensuring proper finance or budgetary control within all operations of Council. Ensure proper execution of Council Resolutions.

Description of the activity

- Committee Secretariat
- Cleaning of Halls and Offices
- Typing Services
- Printing Services
- Record Services
- Support & Auxiliary Services



Strategic objectives

- To improve the departmental information technology
- To provide a cost effective electronic document management system
- To provide proper printing and photocopying functions for Council
- Renovation of Council properties being leased to the public
- Ensure clean halls and offices at all times

Key issues for 2007/2008

- To develop an information & communication technology function capable of supporting the achievement of the Matlosana Vision
- The introduction of appropriate hardware, software and communication technology when and where required
- The development and maintenance of a website and other communication mechanisms suitable to the requirements of an organization aiming for the top position in South Africa
- Effective administrative and institutional systems, structures and procedures
- Improvement on the lead time on approval of council minutes
- Percentage of all council resolutions implemented
- Percentage progress on the upgrading of community halls project
- Project plan developed for upgrading of community halls
- Total spending on the project

Analysis of the function

DETAIL	TOTAL
Number of all personnel associated with administration functions:	
- Manager	1
- Deputy Manager	1
- Assistant Manager	1
- Professionals	3
- Office (clerical, administrative)	18
- Non professionals (blue collar, outside workforce)	6
- Non-skilled	<u>28</u>
Total employees	58

Statistical Information

DETAIL	2004/05		2005/06		2006/07	
	Ordinary Meetings	Special Meetings	Ordinary Meetings	Special Meetings	Ordinary Meetings	Special Meetings
Finance and Debt Normalization	11	1	11	1	11	1
Corporate Services	11	1	11	1	11	0
Health Services	11	0	11	0	11	0
Market and Audit	11	3	11	0	11	1
Infrastructure	11	1	11	0	11	0
Public Safety	11	0	11	0	11	0
Community Services	11	0	11	0	11	0
Economic Affairs and Corporate Communication	11	0	11	0	11	1
Housing, Land Affairs and Town-Planning	11	1	11	2	0	0



DETAIL	2004/05	2005/06	2006/07
Section 80 Committee Meetings:			
➤ Anglo Gold	2	5	7
➤ Orkney Vaal	12	8	3
➤ Municipal Bid Committee	15	24	12
➤ Project Monitoring	-	-	13
➤ Heritage Committee	-	-	12
➤ Oversight Committee	-	-	13
➤ Property Rates	-	-	9
Notices Published	231	145	180
Booking of Halls:			
➤ Mayoral Hall	80	70	60
➤ Arts Hall	130	180	92
➤ Auditorium	65	100	56
➤ Banquet Hal	180	150	43
➤ Ballroom	90	150	37
➤ Johan de Witt Hall	156	160	27
➤ Jouberton Hall	160	140	65
➤ Alabama Hall	160	180	20
➤ Manzilpark Hall	160	180	10
➤ Kanana Hall	100	150	10
➤ Khuma Hall	140	140	8
➤ Tigane Hall	100	100	10
Typing Services:			
➤ Letters	4 560	3 960	3 960
➤ Items/Reports	285	300	300
➤ Sundry	290	260	260

DETAIL	2004/05		2005/06		2006/07	
	Incoming	Outgoing	Incoming	Outgoing	Incoming	Outgoing
Letter	9 100	9 000	7 000	8 000	2016	3281
Faxes	2 000	2 100	1 100	900	852	1020
Gazette	2 000	0	0	0	0	0

HUMAN RESOURCES

Overview

Provide and establish a stable and productive workforce for the functioning of Council's departments and strive for a cost effective personnel management system and procedures. Provide training to all staff members.

Establish and maintain the recruitment process which will enhance capacitation and service delivery within the municipality's area of jurisdiction.

Description of the activity

The Human Resources branch provides the following services:

- Personnel Management Services
- Labour Relation Services
- Training/Capacity Building
- Employee Assistance Programme



Strategic objectives

- To ensure achievement of goals set in the Employment Equity Plan
- To provide effective and efficient administrative support to Directorates regarding personnel issues
- To ensure training of personnel as per training plan
- To ensure sound labour relations by prompt and fair labour relation actions
- To ensure the social well-being of the workforce

Key issues for 2007/2008

- Revise all HR policies
- Finalize disciplinary cases within 60 days
- Enhance the beneficial impact on the organisation of people in management positions
- Staffing percentage of council
- Percentage reduction in terminations of employees
- Staffing percentage of section 57 employees
- Staffing percentage of section 57 employees - Designated groups
- Percentage of designated group staff employed in council in line with Employment Equity plan
- Percentage of disabled staff employed in council
- Percentage of women staff employed in council
- EAP Plan developed for the Employee assistance programme
- Percentage of designated group staff employed in the three highest levels of management in line with equity plan
- % Personnel cost over the total operational budget is in line with regulatory framework
- The percentage of the budget actually spent on implementing its workplace skills plan
- Skills Development plan submitted to the department of labour
- Employment Equity Plan Submitted to Department of Labour
- Local Labour Forum committee established
- Maintenance of discipline in the municipality

Analysis of the function

DETAIL	TOTAL
Number of all personnel associated with human resources functions:	
- Assistant Manager	1
- Professionals	4
- Office (clerical, administrative)	3
- Non professionals (blue collar, outside workforce)	1
- Non-skilled	0
Total employees	9

Statistical Information

DETAIL	2004 / 2005	2005 / 2006	2006 / 2007
Terminations (resignations & pension)	271	132	98
Disciplinary Actions	189	158	66
Skills Development	37	49	26
Death Claims	205	206	40



The following Employee Assistance Programmes were conducted during 2006/2007:-

DETAIL	2005 / 2006	2006 / 2007
New Clients	65	16
Old / Follow-up Cases	96	0
Closed Cases	43	19
Total in Treatment	547	0
In-house Counselling	484	130
Referrals	5	0
Total refused referred to EAP	1	0

LEGAL SERVICES

Overview

To ensure a proper legal service to Council and the Municipal Manager, as well as the Executive Mayor and his Members of Mayoral Committee and other Structures in Council. Prepare and ensure approval of legal documents relating to Council.

Description of the activity

- Rendering of legal advise to Council and the Directorates
- Prepare and approve for legality the Council By-Laws and other legal documents
- Prepare litigations documents

Strategic objectives

- Render legal advice on matters relating to Council and its staff in a manner that permits timely and appropriate action
- Inform and advise staff in a timely manner on court decisions and new laws that affect Council operations
- Advise and represent Council on litigation matters in a complete and timely fashion
- Review all ordinances, resolutions as well as contracts/agreements
- Endeavour to cut down legal cost by handling most legal matters in house
- Revision of the Council policies and procedures to comply with statutory and legal requirements
- Provide professional legal advice to the Council and its top management

Key issues for 2006/2007

- Ensure revision and development of By-Laws of Council to comply with legislative requirements
- Ensure 80% success for defended and won litigation against Council
- Contract Management
- Effective administrative and institutional systems, structures and procedures

Analysis of the function

DETAIL	TOTAL
Number and cost to employer of all personnel associated with legal functions:	
- Assistant Manager	1
- Office (clerical, administrative)	$\frac{1}{2}$
Total employees	2



LAND AFFAIRS

Overview

To ensure proper, timeous and effective land administration service within the parameters of legality and due process, to the applications within the area of jurisdiction of the Council/Municipality.

Description of the activity

- Leasing of land
- Alienation of land
- Donation of land
- Expropriation of land

Strategic objectives

- Ensure effective administration of land generally
- Development of policy relating to land
- Attend to enquiries promptly
- Prompt execution of resolutions

Key issues for 2006/2007

- New land affair application completed within 3 months.
- 50% compliance with all land administration matters due to staff shortage
- Strict compliance with legislation and Council land policy
- Proper and impartial management of land issues
- 60% completed on Development and approval of land policy
- Effective administrative and institutional systems, structures and procedures

Analysis of the function

DETAIL	TOTAL
Number of all personnel associated with land affairs functions:	
- Assistant Manager	1
- Professionals	2
- Office (clerical, administrative)	1
Total employees	4

DETAIL	COST
Total Salary package of all personnel associated with corporate functions	R8,256,235.47
Total Expenditure	R10,336,579.02



ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS
FOR 2006 - 2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure the modernization of the Council Chambers by June 2007	100% Modernized Council Chambers at a cost of R50,000	100%	0% (i)
Ensure the purchase of routers for Stilfontein & Orkney switchboards by June 2007	100% Purchased routers for Stilfontein & Orkney switchboards at a cost of R72,000	100%	0% (ii)
Ensure the installation of routers by June 2007	100% Installed routers at a cost of R15,000	100%	0% (iii)
Ensure the arrangement of Section 79 Committee meetings by June 2007	100% Section 79 Committee meetings arranged (33)	100%	100%
Ensure the arrangement of Section 80 Committee meetings by June 2007	100% Section 80 Committee meetings arranged (100)	100%	100%
Ensure effective support services to Council and various Committees by June 2007	Minutes correct and distributed within 2 days	100%	100%
Ensure the effective rental of halls administration by June 2007	100% Correctly completed hall booking register	100%	95% (iv)
Ensure an effective and efficient registry service (records) by June 2007	Relevant information relating to service delivery to other departments attended to within 2 working days	100%	100%
Implement all Council resolutions by June 2007	Electronic Document System implemented	100%	70% (v)
Ensure the timeous delivery of agendas by June 2007	Agendas distributed 3 days before a meeting	100%	100%
Ensure the proper cleaning of halls by June 2007	Halls cleaned and available 1 hour before handing over	1	1
Ensure an effective typing service by June 2007	Typing to be completed within 1 day of receipt	1	1
Ensure an effective printing service by June 2007	Printing jobs to be completed within 3 days of receipt	100%	100%
Ensure a diversified and representative organization by June 2007	Revised Employment Equity Plan for 2006/2007	100%	100%



Ensure Human Resource Development Plan by June 2007	Approved Skills Development Plan	100%	25% (vi)
Ensure employee well being by the Employee Assistance Programme by June 2007	100% Reported Employee Assistance Programme cases treated	100%	2% (vii)
Ensure and effective and sound employee relations by June 2007	Number of days taken to finalise disciplinary cases	60	50 (viii)
Ensure capacity building of employees by June 2007	Training funds spent according to programme	100%	50% (ix)
Ensure efficient recruitment and selection by June 2007	Appointed Recruitment Officer	100%	25% (x)
Ensure the review, revision and development of By-Laws for Council's departments to comply with legislative requirements by June 2007	By-Laws for Council's departments updated	100%	100%
Ensure effective legal services provision for Council by June 2007	80% Litigations against Council successfully defended and won	80%	80%
Ensure re-alignment of constraints to improve contract management by June 2007	Completed audited, updated and aligned contracts	100%	100%
Ensure an enhanced communication system for Council by June 2007	Implemented Electronic Document System for Council	100%	50% (v)
Endeavour to cut down legal costs by handling legal matters in-house	Proof of minimize legal costs for Council	Value	100%
Ensure effective land affairs services by June 2007	New land affairs applications completed within 3 months	100%	60% (xi)
Ensure proper timeous and effective land administration service within the parameters of legality and due process, to the applications within the area of jurisdiction on the Council by June 2007	100% Compliance of all land administration matters	100%	90% (xi)



REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Funds were insufficient for microphone system	Roll over
(ii)	Tenders for new switchboard are in process of evaluation and adjudication	Roll over
(iii)	After finalization the routers can be purchased	Roll over
(iv)	Cases of double bookings occurred	Ensure consisted booking in future
(v)	Tenders for a Document Management System will be invited by September 2007	None
(vi)	Post not yet fully operational Skills Development Facilitator need training	Consultant appointed to assist Skills Development Facilitator
(vii)	There is only 1 person manning the programme no new recruitment, because of lack of funds	Staff to be appointed
(viii)	Lack of manpower	New created position to be filled
(ix)	Second position of Training Officer not filled.	Post need to be filled
(x)	The post has been advertised, and it will be filled in the next quarter	Post need to be created on organogram
(xi)	Staff shortage, heavy work load and large number of applications	Additional post need to be investigated



DIRECTORATE Municipal & Social Services



DIRECTORATE Municipal & Social Services

COMMUNITY SERVICES

VISION

To provide an environment that promotes positive influence on community services by strengthening the links and connections with the broader community of the City of Matlosana.

MISSION

To render a cost effective service delivery to the community with the limited resources which will provide accessible, effective and efficient services.

OPERATING STRUCTURE

This Department consists of the following divisions, namely:

- Administration & Support
- Libraries
- Museum
- Parks and Recreation
- Refuse Removal and Cleansing

SERVICE DELIVERY

ADMINISTRATION AND SUPPORT

Overview

This division is rendering a general support and corporative service while liaising with all internal sections, other departments and communicating with community members. This entails committee work, writing of items & reports, compilation & renewal of deeds of leases, advertisements and tenders.

Description of the activity

- General administrative support to the departments and/or sections
- Typing of all correspondence and reports
- Collect written comments on applications received or complaints and distribution to relevant departments
- Manage the departmental filing system
- General personnel management e.g. leave administration, personnel enquiries and disciplinary actions
- Assist with the calling of tenders and quotations
- Budget control and submission of financial reports
- Arrange meetings, as well as compile and distribute Agenda's and Minutes of the meetings
- The application of Occupational Health and Safety Act
- The compilation of Standard Work Procedures and Management Directives
- Administering of lease contracts for:-
 - Airport: hangars
 - Grazing land
 - Sports Clubs



Strategic objectives

- To render a support service to all sections.
- To strengthen the supervision of services in order to improve the standard of service delivery.
- Receiving and distribution of correspondence
- To use resources effectively and efficiently while rendering services.
- Reduction in the number of complaints and handling them appropriately.
- Completing capital projects and IDP at the end of the financial year.

Key issues for 2007/2008

- To ensure the City Environment is maintained within good Standards of Upkeep and that Environmental Conservation is placed into focus
- Percentage reduction on illegal dumping occurrences
- Waste recycling pilot project established
- Maintenance of the cleansing in the municipality
- Preparing and Partaking in the National Cleanest City Awards Competition

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administrative functions:		
➤ Manager	1	
➤ Professionals	1	
➤ Office (clerical, administrative)	5	
➤ Non-skilled	1	
Total employees and salary package	8	R1,924,432.82
Total General Expenditure		R2,154,895.74

Statistical Information

INDICATOR	2004/2005	2005/2006	2005/2006
MINUTE WRITING			
Sub-Committee	9	10	11
Airport Committee	9	10	10
Manager Shopsteward Committee	9	11	7
Departmental Management Meeting	12	15	15
REPORTS AND ITEM WRITING			
Deed Of Lease: Compilation & Renewals:			
➤ Grazing Land	60	30	34
➤ Aeroplane Hangars	35	28	28
➤ Sport Facilities	48	33	30
➤ Parks & Refreshment Arrears	12	2	12

LIBRARY SERVICES

Overview

The Library Services Section forms part of the Department Community Services and comprises of 9 libraries, namely Klerksdorp, Alabama, Manzilpark, Matlosana, Stilfontein, Khuma, Orkney, Kanana and Hartbeesfontein.

It also incorporates the Cultural Office.



Description of the activity

Library

- The provision of suitable library material to satisfy the educational needs of the community of Matlosana
- The provision of suitable library material to satisfy the recreational reading needs of the community of Matlosana
- The provision of suitable library material to afford users the opportunity to retain and enhance their literacy and numeric skills
- To promote library awareness amongst the youth of the community

Cultural Office

- The founding, administration and training of the Matlosana City Choir
- The marketing of Matlosana on the terrain of culture
- The co-ordination of activities of local cultural societies, schools and churches
- The presenting of an annual cultural festival

Strategic objectives

- Internal use of library material.
- Awareness campaigns.
- Up-keep a mobile library service
- Career guidance service
- Educational toy service

Key issues for 2007/2008

- The provision of basic municipal services to the satisfaction of residents
- Action plan for the migration to SIRSI/UNICORN Management System

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with libraries functions:		
➤ Assistant Manager	1	
➤ Professionals	7	
➤ Office (clerical, administrative)	0	
➤ Non professionals (library assistants)	38	
➤ Non-skilled	8	
Total employees and salary package	54	R5,452,722.88
Total General Expenditure		R7,367,765.65

Statistical Information

INDICATOR	2004/2005	2005/2006	2006/2007	COST
Library Awareness Programmes	83	191	178	R3,675.00
Internal Use of Library Material	184 515	254 365	217 945	R30 000.00



MUSEUM

Overview

The Section Museum manages the main Museum, the House Museum and Goudkoppie Heritage Hill. The Museum recognizes the cultural diversity of the people of the City of Matlosana and is committed to further nation building through the management, conservation and communication of heritage-related activities in the City of Matlosana.

Description of the activity

- The conservation of heritage to provide attractions for visitors and an index of the pride our communities has in the City of Matlosana, its culture, heritage, values and assets.
- The management and sustainable development of heritage and cultural resources.
- The implementation of effective educational services for learners, youth and adults to optimize the knowledge and collections in care of the Museum.
- The promotion of intercultural understanding and national priorities such as nation building.

Strategic objectives

- To create a unique heritage experience through community involvement and manage, conserve and communicate a transformed heritage to all the people living in and visiting the City of Matlosana.

Key issues for 2007/2008

- Action plan developed for the computerisation of historical information
- Action plan developed for maintenance exhibitions
- Action plan developed for the identification of heritage sites
- Action plan developed for the inventorying heritage sites
- The provision of basic Museum services to the satisfaction of residents

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with museum functions:		
➤ Professionals	4	
➤ Office (clerical, administrative)	0	
➤ Non professionals (blue collar, outside workforce)	2	
➤ Non-skilled	1	
Total employees and salary package	7	R961,370.68
Total General Expenditure		R1,492,518.80

Statistical Information

INDICATOR	2004/2005	2005/2006	2006/2007	COST
HERITAGE AWARENESS				
➤ Events presented	4	5	6	R67,9500
EDUCATION				
➤ Programmes based on OBE principles presented	10	12	18	R13,750
➤ Heritage/Museum tours presented	70	44	68	-
➤ Lifelong learning classes presented/facilitated	57	28	23	R3,900
COLLECTIONS				
➤ Maintenance and care of objects	300	1 500	1 211	R2,200



EXHIBITIONS				
➤ Temporary exhibitions presented/produced	-	1	2	R3,220
➤ Existing exhibitions maintained	14	20	11	R8,745
➤ Existing exhibitions upgraded	-	-	2	R8,000
RESEARCH				
➤ Oral History interviews	2	8	7	-
COMMUNITY PARTICIPATION				
➤ Meetings with support groups	8	22	15	-

PARKS AND RECREATION

Overview

The function of the Parks and Recreation Section is to provide and maintain well-kept parks, recreational, cemeteries as well as neat, tidy and regular cut pavements and maintenance of open spaces. In doing so a pleasant environment is created for all citizens of the broader Matlosana area.

Description of the activity

- Develop new parks, maintain existing parks in all areas of Matlosana.
- Maintain the Faan Meintjes Nature Reserve and thereby promote and improve nature conservation and improving of tourism to the reserve.
- To provide well-kept and affordable cemeteries in the Matlosana area.
- To maintain existing facilities, the planning and developing of new facilities especially previously disadvantaged communities.
- To improve and create a green environment by the planting of new trees and maintaining existing trees.
- The maintenance of the airport, administering of Townlands of municipal boundaries, pound as well as the cattle sale kraals.

Strategic objectives

- Ensure the maintenance of sport fields.
- Ensure the cutting of grass on pavements, cemeteries and open areas.
- Landscaping of cemeteries.
- Maintenance of municipal swimming pools.
- Administer renting of plants

Key issues for 2006/2007

- Parks maintenance plans developed for the department
- Percentage increase in area of parks and designated open spaces are available
- Selling of graves outsourced to a service provider
- Master Plan developed for the 2010 world cup
- The provision of basic municipal services through the establishment of a sports council



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with parks & recreation functions:		
- Assistant Manager	1	
- Professionals	7	
- Office (clerical, administrative)	5	
- Non professionals (blue collar, outside workforce)	77	
- Non-skilled	190	
Total employees and salary package	280	R20,782,821.05
Total General Expenditure		R36,972,409.01

Statistical Information

INDICATOR	2004/2005	2005/2006	2006/2007	COST
CEMETERIES				
➤ Burials	3 617	4 314	4 018	
➤ Memorials	473	498	726	
Expenditure				R4,576,971
Income				R941,000
AERODROME				
➤ Aircrafts landed	700	720	1 080	
➤ Air shows hosted	1	1	0	
➤ Aerodrome - cut grass	2	4	2	
Expenditure				R257,000
Income				R75,200
NATURE RESERVE				
➤ Visitors	21 928	8 160	6 834	
➤ Surplus Game Sold	R400 000	R478,800	R480,800	
Expenditure				R661,000
Income				R639,000
TREES				
➤ Trimmed	2 500	1 500	1 300	
Expenditure				R460,000
MUNICIPAL SITES				
➤ Cutting of areas -	2	2	2	
Matlosana				
Expenditure				R1,447,538
ADMINISTRATION				
➤ Plants rented out	6 763	4 407	984	
Expenditure				R1,352,254
Income				R136,000
SWIMMING POOLS				
➤ Visitors - All pools	12 669	20 067	25 000	
➤ Gala Events	5	4	6	
Expenditure				R1,053,047
Income				R27,000
AUCTION KRAALS				
➤ Total auctions	48	51	50	
Expenditure				R9,872
Income				R929,000
RECREATION				
➤ Total major events	6	6	4	
Expenditure				R7,080,989

For the financial year 2006/2007 the section had a total expenditure of R16,898,671 and a total income of R2,747,200.



REFUSE REMOVAL AND CLEANSING

Overview

The Cleansing Section function is to provide an acceptable, affordable and sustainable cleansing service to all the residents of the City.

Description of the activity

The Cleansing Section is divided into the following sub-sections namely: Refuse Removal, Night Soil Removal, Street Cleansing, Vacuum Tanks, Public Toilets, Additional Refuse and Administration and Support System.

- To provide an uniform refuse removal service to all residential sites, business premises and industrial sites by removing the refuse generated and disposal of it at the landfill site.
- To render a service to residential and business premises in all areas where no waterborne sewerage are available.
- To render a service in the CBD areas, small CBD areas within residential areas and all main roads by means of litter picking.
- To render a service to residential premises where no waterborne sewerage or night soil services are available.
- To maintain and cleaning public toilets on a daily basis.
- To render a service by removing additional refuse that is dumped illegally and the disposal of it at the landfill site
- To be responsible for the administration of the section, as well as executing of operational and capital budget.

Strategic objectives

- To render a uniform cleansing service to all communities

Key issues for 2006/2007

- Percentage progress on the elimination of service backlogs
- Percentage of households and business premises with access to basic level of solid waste removal.

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with cleansing functions:		
- Assistant Manager	1	
- Professionals	2	
- Office (clerical, administrative)	0	
- Non professionals (blue collar, outside workforce)	64	
	<u>299</u>	
- Non-skilled	366	R25,102,768.38
Total employees and salary package		R57,027,619.27
Total General Expenditure		



INDICATOR	2004/2005	2005/2006	2006/2007	COST
REFUSE REMOVAL SERVICE ➤ Households and businesses in KOSH area per month Expenditure	82 890	83 300	87 950	R18,000,000
NIGHT SOIL SERVICE ➤ Households and businesses in KOSH area per month Expenditure	17 648	14 905	9 817	R6,900,000
VACUUM SERVICES ➤ Total of vacuum tanks Expenditure	600	520	347	Included with Night Soil
ENVIRONMENTAL AWARENESS CAMPAIGNS ➤ Number of campaigns held Expenditure	3	2	2	R20,000

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure a complete library extension and equipment by June 2007	100% Completed library extension and equipment at a cost of R474 960,33	100%	100%
Ensure a complete Goudkoppie beautification by June 2007	100% Completed Goudkoppie beautification at a cost of R 413,100	100%	100%
Ensure the development of identified parks to improve quality of community life by June 2007	100% Developed identified parks in Jouberton, Khuma, Kanana and Tigane at a cost of R500,000	100%	100%
Ensure effective communication and team effectiveness by June 2007	100% Scheduled departmental meetings attended	100%	100%
Ensure effective record keeping of Council's rental assets by June 2007	100% Compilations and renewal completed on hanger contracts	100%	100%
Ensure a refuse removal service to all households by June 2007 to maintain a healthy environment	Refuse removed at households once a week (1 055 409)	100%	100%
Provide a night soil service to households by June 2007	Night soil services provided to households weekly (117 804)	100%	100%



Provide a vacuum service to households by June 2007	Vacuum services rendered to households (1 388)	100%	100%
Create a public awareness and changed behaviour towards environmental population by June 2007	3 Environmental awareness campaigns held to ensure a cleaner environment for all	3	(i) 2
Ensure public education by creation of public awareness events by June 2007	4 Heritage awareness events hosted	4	4
Ensure the maintenance of cultural heritage by June 2007	1 200 Museum collections maintained	1 200	1 200
Ensure the maintenance of museum exhibitions by June 2007	11 Museum exhibitions maintained	11	11
Ensure public awareness by arranging a temporary exhibition by June 2007	1 Temporary exhibition presented	1	1
Improve and upgrade of Museum structure by June 2007	Converted storeroom to exhibition and community hall	1	1
Conserve indigenous history by conducting oral history interviews by June 2007	7 Oral history interviews conducted	7	7
Ensure a effective library service by June 2007	80% Library items internally used (189 940)	80%	80%
Create a culture of reading and learning to improve quality of live by June 2007	20 Awareness programmes hosted to improve service and quality of life	20	20
Hartbeesfontein Library	100% completed library extension and equipment	100%	100%
Ensure cutting of grass at cemeteries by June 2007	Grass cut twice at all cemeteries per annum	2	2
Ensure properly maintained parks and gardens by June 2007	Grass cut 3 times on main routes per annum	3	3
Ensure trimming of trees by June 2007	1 200 Trees trimmed	1 200	1 200
Ensure properly maintained sport fields by June 2007	30 Sport fields scraped annually	30	30
Ensure the preparation of graves by June 2007	4 000 Graves prepared	4 000	4 000
Ensure the rental of plants for functions by June 2007	4 000 Plants rented out	4 000	(ii) 984
Ensure the selling of grass bales by June 2007	500 Grass bales sold	500	(iii) 0



REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	1 x Campaign in Jouberton cancelled due to Hurricane disaster	None
(ii)	Frequently determined by public demand	None
(iii)	Tractor for bailer reconditioned waiting for parts	None



PUBLIC SAFETY

VISION

To protect and serve the community

MISSION

The Department of Public Safety strives to protect the City of Matlosana and establish a safe and crime free environment where all people can develop to their full potential by promoting safer communities through prevention, preparedness, response, recovery, education and enforcement.

OPERATING STRUCTURE

The department provides the following services:

- Administration and Support
- Traffic and Security
- Fire and Rescue
- Licensing

SERVICE DELIVERY

ADMINISTRATION AND SUPPORT

Provide efficient and effective administrative and support service to the Department and all its Divisions to ensure optimal service delivery.

Description of the activity

- General Administration
- Budget Management
- Information Technology Management
- Personnel Services and Training
- Technical Support Services

Strategic Objectives

- To render an effective and efficient services to the department
- Proper record keeping
- Typing of correspondence and reports
- Attending to received complaints promptly
- Attending to meetings and discussions and giving general feedback

Key issues for 2007/2008

- Ensure effective and efficient support to all sections of the department.

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administration functions:		
➤ Manager	0	
➤ Professionals	2	
➤ Office (clerical, administrative)	14	
➤ Non-skilled	<u>2</u>	
Total employees and salary package	18	R1,893,964.94
Total General Expenditure		R1,142,452.61



TRAFFIC AND SECURITY

To promote road traffic safety throughout the City in order to reduce road accidents, fatalities and injuries as well as combating road traffic offences that contributes towards accidents. To ensure that Council Assets are secure and safe and to combat theft within the Municipality.

Description of the activity

- Ensure effective and efficient law enforcement in the community
- Reduce the number of Driving Under Influence related collisions
- Provide effective and efficient accident scene management services
- Provide training to the community in matters relating to traffic, safety and security
- Provide educational services regarding matters relating to road safety

Strategic Objectives

- To regulate and control traffic and enforcement of traffic legislation
- To promote road safety
- To enforce Municipal By-laws and prevent crime

Key issues for 2007/2008

- The provision of basic municipal services to the satisfaction of residents
- By-laws developed for hawkers
- To capacitate Schools with Scholar Patrols where the need arises in urban areas to ensure pedestrian safety
- % Improvement in collection of outstanding traffic fines from offenders
- % Improvement in collection of outstanding law enforcement fines from offenders
- Average response time to call-outs

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with traffic & security functions:		
➤ Assistant Manager	1	
➤ Professionals	3	
➤ Office (clerical, administrative)	3	
➤ Non professionals (blue collar, outside workforce)	104	
➤ Non-skilled	11	
Total employees and salary package	122	R15,028,962.13
Total General Expenditure		R20,224,935.06

Statistical Information

Description	Actual 2004/2005	Actual 2005/2006	Actual 2006/2007
Escort of Abnormal Loads	112	114	166
Drunken Driving	700	820	1 090
Moving Violations	12 000	42 987	38 904
Road Blocks	24	34	40
Parking Meter Violations	20 000	26 893	28 527
Accident Forms Captured	6 000	10 000	5 000
Training of Scholar Patrols	50	53	53
Road Markings (Litres)	6 000	8 000	11 000
Road Signage (Signs)	500	772	938
Traffic Count	30	50	35



FIRE AND RESCUE

Overview

To preserve and enhance the quality of life and minimize the actual fire risks for the community of Klerksdorp through the application of a comprehensive fire and hazard prevention program and by the provision of quality fire prevention, suppression and rescue services.

Description of the activity

To execute legal and lawful services as per Fire Services Act no 99 of 1987 by:

- Save a life and property
- To respond effectively to emergencies and suppressions
- To provide effective prevention, education and preparedness services

Strategic Objectives

- To minimize the actual fire risks to the community by starting with progressive community training in the Fire & First Aid
- Public education and inspections
- Advance training of Fire Fighters

Key issues for 2007/2008

- To enhance the Safety & Security Service to the Public
- The provision of basic municipal services to the satisfaction of residents
- % of fire hydrant inspections carried out
- Total number of call-outs attended:
- Average response time to call-outs - Emergency call-outs

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with fire and rescue functions:		
➤ Assistant Manager	0	
➤ Professionals	2	
➤ Office (clerical, administrative)	4	
➤ Semi professionals (fire fighters)	33	
➤ Non-skilled	<u>1</u>	R5,634,988.22
Total employees and salary package	40	R8,903,698.27
Total General Expenditure		

Statistical Information

Description	Actual 2004/2005	Actual 2005/2006	Actual 2006/2007
Fire suppression	600	400	634
Services to other jurisdictions "mutual aid"	4	6	0
Public education	313	300	26
Building plans	151	100	733
Site inspections - new	379	350	700
Site inspections - re-inspections	65	70	0
Flammable liquid registrations	225	300	316
Fire hydrant maintenance/inspection	800	1 000	376
Evacuation plans	18	15	30



LICENSING

Overview

To provide integrated and sustainable registration and licensing services to the community

Description of the activity

- Register and licence vehicles and issue the owners of those motor vehicles with registration certificates and licenses after capturing the information into the system.
- To test applicants for learner's and driver's licenses
- To test and issue roadworthy certificates
- To issue businesses with licenses when complying with safety and health legislation
- To ensure that the implementation of the E-Natis system is fully operational

Strategic Objectives

- Provide effective and efficient motor vehicle registration services to the clients
- Provide effective and efficient driver licenses services to applicants
- Rendering of effective and efficient vehicle testing service
- Testing for and issuing of roadworthy certificates
- Vehicle examination

Key issues for 2007/2008

- The provision of basic Licensing services
- Percentage of drivers license tests passed
- Percentage of learners license tests passed
- % Improvement in collection of income from licensing
- % Improvement in collection of income from trade licensing

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with licensing functions:		
➤ Assistant Manager	1	
➤ Professionals	1	
➤ Office (clerical, administrative)	33	
➤ Semi professionals (examiners)	11	
➤ Non-skilled	6	
Total employees and salary package	52	R6,401,328.21
Total General Expenditure		R37,084,996.10

Statistical Information

Statistical Information	Actual 2004/2005	Actual 2005/2006	Actual 2006/2007	Cost
Registration of vehicles	32 750	33 001	34 670	2,044,230.00
Licensing/Renewal of vehicle licenses	87 812	87 898	91 551	22,270,483.25
Issue of Permits	6 921	8 062	8 227	418,200.00
Application and renewal of Motor Trade Plates	204	184	241	97,682.00
Application and issue of Business Licenses, Hawkers and stands	439	237	173	34,200.00
Application and issue of certification of roadworthy certificates of motor vehicles	5 716	4 507	4 693	352,164.00
Weighbridge certificate of vehicles	1 538	1 613	1 892	34,056.00



Application and issue of Learner's Licenses	15 850	16 923	15 707	671,201.00
Application and issue of Driver's Licenses	18 941	19 984	7 983	1,151,131.00
Application for Professional Driving Permits	2 906	2 803	3 039	157,572.00
Renewal of Driver's Licenses			11 958	1,548,855.00

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006/2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure effective fire fighting in the KOSH by June 2007	Fire engine purchased at a cost of R1,888,000	Fire engine	Fire engine
Ensure the effective functioning of the Municipal Court by June 2007	100% Refurbished Municipal Court building at a cost of R 800 000	100%	100%
Ensure effective use of speed camera in a 6 day work week by June 2007	12 000 Speed camera cases reported	12 000	12 000
Hold road blocks to ensure traffic visibility and prevent crime by June 2007	12 Road blocks held	12	12
Ensure effective speed control by June 2007	4 800 Speed cases reported	4 800	2 816 ⁽ⁱ⁾
Ensure effective law enforcement by June 2007	120 Drunken driving cases reported	120	120
Ensure reducing of accidents on reckless driving by June 2007	11 Reckless driving cases reported	11	6 ⁽ⁱ⁾
Ensure road safety training lessons for schools patrols by June 2007	60 School patrols trained on road safety	60	53 ⁽ⁱⁱ⁾
Ensure road safety awareness user Taxi drivers by June 2007	310 Taxi drivers educated on road safety	310	0 ⁽ⁱⁱⁱ⁾
Ensure improving collection of revenue for unpaid fines by June 2007	100% Decreased number of unpaid traffic fines	100%	75% ^(iv)
Ensure capacity building of Ward committees and PS sub committee by June 2007	155 Ward and PS sub committee meetings educated on traffic and security issues	155	0 ^(v)
Ensure maintenance of road signs by June 2007	459 road signs erected/maintained	459	772



Ensure public information education and relation by June 2007	13 Educational visits to schools and ward meetings carried out	13	8 (vi)
Reduce fire incidents to ensure safe environment for the community by 2007	120 Fire inspections carried out at business and other development areas	120	93 (vi)
Ensure effective and efficient fire & rescue section by June 2007	23 Vacant positions filled for effective service delivery	23	0 (vii)
Ensure fire hydrant inspections to comply with legislation by June 2007	105 Fire hydrant inspections carried out	105	55 (vii)
Ensure sufficient roadworthy vehicles for fire fighting services by June 2007	6 Fire engines kept operational	6	6
Ensure fire training at petrol depots by June 2007	4 Fire drills held at petrol depots	4	3
Ensure safe buildings for community by June 2007	13 Occupational health and safety inspections carried out at buildings	13	4 (viii)
Combat fires and to safe life's by June 2007	Efficient fire service resulting to no law suits against Council	No law suits	No law suits
Render an effective vehicle registration service by June 2007	32 000 Vehicles registered at Licensing Section	32 000	34 733
Ensure roadworthy vehicles by June 2007	2 000 Vehicles tested at testing station	2 000	2 494
Ensure the testing of driver license applicants by June 2007	5 000 Drivers licences applicants tested	5 000	4 763
Ensure the testing of learner licence applicants by June 2007	9 600 Learner licence applicants tested	9 600	10 037
Ensure the issuing of roadworthy certificates by June 2006	2 000 Roadworthy certificates issued	2 000	2 134
Ensure effective learner licence service by June 2007	Reduced waiting period of learners licence applications to 1 month	1 month	6 weeks (ix)
Ensure an improved motor vehicle licence service by June 2007	Reduced waiting time in queues for customers renewing motor vehicle licences to 20 min	20 min	40 min (x)
Ensure an improved drivers licence service by June 2007	Reduce waiting period for drivers licence applications to 1 month	1 month	3 months (xi)
Ensure an improved business licence service by June 2007	Reduced waiting period of business licence applications to 1 month	1 month	1 month



REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Problems with National E -Natis. Traffic mainly concentrated on serving of W.O.A from 28/05/07	Await E-Natis connection
(ii)	Concentrated on best driver of the year project	Schools patrol to be trained in the new year
(iii)	Awaiting training material from Province	Regular follow-up to be made on progress
(iv)	Shortage of postage money. National E- Natis problems	To be addressed in new financial year
(v)	Awaiting allocation of funds for marketing purposes	To be investigated
(vi)	Incidents and other priorities	Staff shortages to be investigated
(vii)	In process	To be concluded 31 August 2007
(viii)	The objective to receive attention from 01 July 2007	None
(ix)	Shortage of Examiner of Learners Licence	To be filled in new financial year
(x)	System down - Change to E-Natis.	To be rectified with proper E-Natis functioning
(xi)	Shortage of Examiner of Driver's Licence and drivers licence applicants from out of KOSH area test at our stations	To be filled in new financial year



HEALTH SERVICES

VISION

The assuring of community well being by addressing health issues and making essential services and facilities available, accessible and affordable.]

MISSION

To optimize the delivery of quality curative and preventative health service to the community of Matlosana.

OPERATING STRUCTURE

The department provides the following services:

- Administration and Support
- Primary Health Care
- Environmental Health Care

SERVICE DELIVERY

ADMINISTRATION AND SUPPORT

Overview

The administration and Support function is responsible for effective administration of the department as a whole. It also acts as complaint centre for the department on health services issues.

Description of the activity

- Typing of all correspondence
- Filing and safe keeping of all records
- Assisting with general enquiries
- Dealing with and directing complaints

Strategic objectives

- Ensure effective and sufficient administration function
- Record keeping
- Financial control of the department

Key issues for 2007/2008

- Maintain proper consumer service
- Attend to received complaints promptly

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with administration functions:		
➤ Manager	0	
➤ Professionals	0	
➤ Office (clerical, administrative)	6	
➤ Non-skilled	1	
Total employees and salary package	7	R1,101,504.10
Total General Expenditure		R1,107,024.14



PRIMARY HEALTH CARE

Overview

The Primary Health Care division is responsible for the supply of medicines and ensuring rational drug use and also essential services. Health promotion and the implementation of a comprehensive HIV/AIDS strategy in collaboration with the community and other role-players and key focus area.

Description of the activity

To render a core package of the following primary health care services at all clinics throughout Matlosana:

- Tuberculosis (TB)
- Sexual Transmitted Infections (STI's)
- Immunisation
- Child Mother Services
- Women Health
- Chronic and Curative Care
- HIV/AIDS related care

Strategic objectives

- Improvement of the health status of the community.
- Ensuring access to services.
- Community empowerment.
- Establishment of partnerships and networks (NGO's and North West Province).

Key issues for 2007/2008

- The provision of basic municipal services to the satisfaction of residents
- HIV/Aids policy approved by council
- No of educational / awareness campaigns held for HIV/AIDS
- No of educational awareness campaigns held for TB

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with primary health care functions:		
➤ Assistant Manager	1	
➤ Professionals	35	
➤ Office (clerical, administrative)	6	
➤ Non professionals (blue collar, outside workforce)	9	
➤ Non-skilled	17	
Total employees and salary package	68	R6,679,201.74
Total General Expenditure		R8,099,529.73

Statistical Information

CLINICS	NUMBER OF PATIENTS ASSISTED		
	2004/2005	2005/2006	2006/2007
Alabama	65 244	55 392	59 046
Delekile Khoza	42 058	19 265	24 058
Empilisweni	44 129	71 429	54 840
Gate Way / N Pretorius	15 264	56 719	31 656
Kanana	66 574	53 092	39 897
Kanana Ext 7	-	-	-



Khuma	75 241	58 438	52 580
Marcus Zenzile	14 246	60 675	32 760
Orkney	84 194	36 285	52 364
Park Street	84 168	74 126	54 306
Randlespark	-	3 774	4 263
Stilfontein	78 434	64 475	65 160
Tsholofelo	42 394	34 294	51 388
Youth Centre	8 124	8 530	19 624
Mobile Clinics	-	-	40 932
COMMUNITY HEALTH CENTRE			
Botshabelo	105 374	116 084	109 908
Tigane	64 354	52 259	98 404
Grace Mokgomo	107 143	126 458	130 132
Jouberton Poli	108 828	72 895	109 816

ENVIRONMENTAL HEALTH SERVICES

Overview

Responsible for inspections at various institutions to prevent possible spreading of diseases and to promote public health.

Description of the activity

The ensure environmental health inspections at Food Preparation Premises, Food Handling Premises, Dairy Farms Milking Sheds and Dairy Products, Hawkers/vendors of Food and Food Transportation, Food Condemnations - unhealthy and unsound food, Food and Water Sampling, Funeral Undertakers, Parlours/facilities, Crematoria and Mortuaries, Pre-school Institutions, Crèches, Building Plans, Air Pollution Control, Pauper Funerals, Training and Health Education and Law Enforcement, Routine Inspections from an environmental point of view, Environmental Pollution Control.

Strategic objectives

To deliver preventative health care service regarding pollution and hygiene control.

Key issues for 2007/2008

- The provision of basic Environmental health services to the satisfaction of residents
- Plan developed on Environmental awareness projects for the yearly calendar events
- Air quality Plan developed for the measurement of air quality in collaboration with the mines
- Uranium contamination Plan developed for the measurement of uranium contamination levels in collaboration with the mines

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with environmental health functions:		
➤ Assistant Manager	1	
➤ Professionals	10	
➤ Office (clerical, administrative)	0	
➤ Non-skilled	2	
Total employees and salary package	13	R2,604,154.30
Total General Expenditure		R3,613,015.66



DETAIL	INSPECTIONS		
	2004/2005	2005/2006	2006/2007
Accommodation and Related Facilities	314	330	3 300
Food	2 996	2 899	3 343
Environmental Pollution	4 368	3 012	1 153
Funeral Undertakers	96	128	152
Pauper Burials	252	250	239
Public Toilets	48	45	114
Hygiene Education: Water, Sanitation & Food	7 200	8 000	1 242
Other Environmental Health Education	648	720	1 005
Milk Samples	24	46	118
Water Samples	540	566	604
Food Samples	72	244	113
Final Sewerage Effluent	-	-	48

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006/2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Promote public awareness and effectively address the challenge on HIV/Aids by June 2007	2 HIV/Aids awareness campaigns held	2	3
Promote public awareness on TB in the community by June 2007	2 TB awareness campaigns held	2	3
Cancer (cervical and breast)	2 cancer campaigns held	2	2
Promote public awareness on domestic violence by June 2007	1 Domestic violence campaign held	1	1
Integrated Management of Childhood Illness (IMCI)	2 IMCI campaigns held	2	1
Provide an effective Primary Health Care services to the community at Council's various clinics by June 2007	Effective and efficient service rendered at all clinics (916 733 Patients treated at various clinics)	90%	90%
Ensure a hygienic standard at food premises in compliance with applicable legislation by June 2007	3000 Food premises inspected	3 000	3343
Ensure Environmental Health inspections by June 2007	448 Environmental pollution inspections carried out	448	1153



Ensure safe drinking water for the community in compliance with legislative standards by June 2007	135 Water samples taken per quarter (45 per month)	540	604
Ensure safe environment for the community by preventing the spreading of diseases by June 2007	80 Food samples taken	80	113
Ensure safe water and recreation for the community in compliance with legislative standards by June 2007	12 Water samples from river/streams taken	12	61
Ensure an informed community on environmental population projects by June 2007	48 Schools visited and educated learners on environmental population	48	100
Effectively address the challenge of Environmental Health in Matlosana by June 2007	Number of statutory notices based on visits by Environmental Health Practitioners	1320	(i) 1284
Ensure an informed community on vegetable cultivations by June 2007	24 Projects launched on vegetables cultivation	24	25

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	1 x Environmental Health Practitioner appointed as Acting Assistant Manager - leaving gap in the operational side	Awaiting demolition to be finalized



DIRECTORATE Economic Growth



DIRECTORATE Economic Growth

ECONOMIC AFFAIRS & CORPORATE COMMUNICATIONS

VISION

To create a prosperous city and develop economic strategies that will alleviate poverty and related socio - economic impacts by stimulating economic growth and development.

MISSION

To formulate and implement strategies that will create an environment conducive to sustainable economic growth and development.

OPERATING STRUCTURE

This Department is divided into two divisions:

- Local Economic Development
- Corporate Communication (which includes Administration, Marketing and Tourism)

SERVICE DELIVERY

LOCAL ECONOMIC DEVELOPMENT

Overview

To create a prosperous city and develop economic strategies that will alleviate poverty and the related social impacts by stimulating economic growth and development.

Description of the activity

Diversification of the economy:

- Reduction of unemployment
- Stimulation of SMME growth
- Poverty alleviation

Strategic objectives

Provide Economic Friendly Municipal Procedure and regulations

- Facilitate the review and development of economic activities friendly by-laws.
- Provide municipal procedures that promote economic activity.

Promote identified economic sectors

- Facilitate the regeneration of the manufacturing sector and other sectors.
- Monitor the growth of tourism and the linkages to the sector.
- Facilitate the growth of agriculture.
- Facilitate the development and growth of the information technology sector.
- Monitor the performance of the various sectors.
- Facilitate the re-skilling of the labour force.
- Facilitate the regeneration of industrial areas and CBD's and upgrade of residential areas.



Mainstream Economic Activity into the Formal Economy

- Facilitate the acquisition of economic skills.
- Facilitate the utilization of co-operatives in the municipality's procurement system.
- Facilitate the growth and contribution of SMME's.
- Link Council property to people entering the economy.
- Facilitate access to finance.

Align Procurement Processes for Economic Development

- Monitor the implementation of a Supply Chain Management Policy to support economic development.
- Monitor the targets set on procurement.
- Promote local buying from local producers.
- Encourage City based companies to set targets for buying from SMME's and Cooperatives.

Facilitate a Conducive Environment for Investment

- Co-ordinate interactions with internal and external stakeholders on investments.
- Market City of Matlosana as friendly investment destination.

Facilitate the growth of Cooperatives

- Promote credit and savings unions.
- Encourage the community to form Cooperative.
- Support the Cooperative established.
- Through partnership convert Non Profit Organizations and food gardens into cooperatives.

Key issues for 2007/2008

- Macro Economic Development plan developed
- Master Plan developed for creation of sustainable business
- Existing public and private resources to intensify enterprise support to local communities utilised
- The number of jobs created through the Municipality's local economic development initiatives including capital projects
- Master Plan developed for informal traders
- Master Plan developed for the development of two new taxi ranks
- Master Plan developed for support of SMME's through bigger business
- Master plan developed for two projects to be established for the youth
- Airport development

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with Led functions:		
➤ Professionals	2	
➤ Office (clerical, administrative)	<u>2</u>	
Total employees and salary package	4	R684,299.20
Total General Expenditure		R964,059.54



Statistical Information

DETAIL	UNIT	2004/05	2005/06	2006/07
Number of SMME's assisted	SMME	25	174	388
Number of Jobs created	Jobs	300	823	920
Training provided in house for SMME's	Training	4	17	9
Number of funding facilitated	Funding	6	24	11
Youth workshops	Workshop	1	6	2
Disabled workshops	Workshop	1	3	2
SMME Training Facilitated (External)	Training	4	19	9
SMME EXPO	EXPO	0	0	0

CORPORATE COMMUNICATION

Overview

To support the municipality's vision and mission by opening a world class marketing service and enhancing the City of Matlosana's brand building strategy through the marketing of focus areas.

Description of the activity

- Matlosana branding and identity
- Marketing and advertising
- Public relations and communication
- Event co-ordination
- Tourism development

Strategic objectives

- Provision of an information centre to assist tourist coming to our city
- Provision of crafter stalls at Goudkoppie
- Promote N12 Treasure Route as a Spatial Development initiative
- Create awareness and build a professional image amongst investors and tourists by establishing a website
- Maintain established international relations
- Community newsletter

Key issues for 2007/2008

- Branding Plan developed for the department
- Marketing Plan developed for the department
- Tourism development Plan developed for tourism
- Implementation Plan developed for assessment of council establishments
- Implementation Plan developed for the establishment of a tourism information centre
- Rural Tourism Plan developed for the development of local tourism in rural areas



Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with corporate communication functions:		
➤ Manager	1	
➤ Professionals	1	
➤ Office (clerical, administrative)	2	
Total employees and salary package	4	R1,035,248.83
Total General Expenditure		R1,937,040.93

Statistical Information

DETAIL	UNIT	2004/05	2005/06	2006/07
2010 Meetings	Meeting	2	4	10
Meeting with Business	Meeting	6	23	7
Website	Hit Rate / Day	211	350	120 000

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure the completion of the IDP Aretsosaneng Project by December 2006	100% Completed IDP Aretsosaneng Project at a cost of R400,000	100%	100%
Ensure the implementation of the Dirang Ka Natla project by June 2007	30 SMME's established with the implemented Dirang Ka Natla project at a cost R 300 000	30	30
Promote and build capacity of SMME'S by June 2007	100 SMME's assisted	100	123
Alleviate poverty for creating work opportunities by June 2007	400 Jobs created by work creation initiatives	400	920
Internal training sessions to capacitate SMME'S by June 2007	4 In-house training sessions held for SMME'S	4	9
Assist SMME'S to obtain funding by June 2007	6 Applications assisted for funding	6	11
Establish buy-in from various role players to create employment opportunities by June 2007	12 Employment opportunities established and implemented	12	46
Effective service delivery and communication between Government Departments by June 2007	4 Farmers assisted in obtaining funds	4	9



Create marketing awareness to promote Klerksdorp by June 2007	Number of hit rate on website	88	12 000
Ensure local and national awareness by June 2007	20 Advertisements placed in local and international media	20	20
Ensure a effective supply chain management service by June 2007	Conclusion of a contract within 8 weeks	8	8
Ensure capacity building on procurement service by June 2007	4 Tendering workshops arranged	4	4
Ensure proper awarding of tenders to HDI companies by June 2007	50% of tenders awarded to HDI	50%	82,33%
Create capacity and opportunity by June 2007	4 Supplier development workshops arranged	4	4
Ensure compliance with legislation by June 2007	Review annually policies and procedures	3	1 (i)
Ensure publication of an annual overview by June 2007	Overview report published	1	1
Ensure publication of quarterly SCM	Quarterly report submitted to Executive Mayor on SCM	4	4

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	3 x Workshops arranged, but postponed by Councillors	Matter to be investigated



FRESH PRODUCE MARKET

VISION

A Fresh Produce Market that is effective, efficient and economic satisfactory to consumer needs through effective distribution channels, facility provision and operational services.

MISSION

To sustain fresh produce strategies that will enable support and contribute to the growth and development of the fresh produce industry.

OPERATIONAL STRUCTURE

The Department provides the following services at the Matlosana Fresh Produce Market:

- Administration
- Operational

SERVICE DELIVERY

ADMINISTRATION AND OPERATIONAL

Overview

The purpose of the Fresh Produce Market is to create a channel for fresh produce off set to satisfy customer needs. It further provides an operational service to the agents and buyers and provides an infrastructure by the sellers and buyers.

It furthermore actively markets the Fresh Produce Market and keeps existing clients informed.

Description of the activity

- Provision of market hall, offices, shops, stores and hawker shelters
- Sales areas for four Market Agents
- Computer system to ensure administration surety and reliability
- Cashier services for consumers
- Ensure fresh produces at all times by providing cold rooms and ripening rooms for market agents
- Card buyer system for buyers to control purchases per day
- Ensure safe environment for buyers and producers at market
- Provide carriage equipment (trolleys) to assist buyers with the transporting of their produce to the loading platforms

Strategic objectives

- Provide a safe and reliable shopping environment
- Preserve and enhance quality control
- Provide efficient operation of our buildings
- Provide a consistent and good customer service to all our clients
- Provide efficient and effective administrative support to department operations to ensure optimal service delivery
- Promote staff career development
- Ensure that our communities are informed
- Effective & efficient financial administration



Key issues for 2007/2008

- Percentage progress on the Extension of market hall project
- Capacitate and empower emerging producers and hawkers
- Effective financial management in the department
- Marketing strategy developed for the market
- Provide fencing for market hall
- Repair floor of market
- Improve market finances by reducing outstanding debtor account to 84%

Analysis of the function

DETAIL	TOTAL	COST
Number and cost to employer of all personnel associated with fresh produce functions:		
- Manager	0	
- Professionals	2	
- Office (clerical, administrative)	18	
- Non professionals (blue collar, outside workforce)	3	
- Non-skilled	14	
Total employees and salary package (Not audited)	37	R4,130,014.71
Total Expenditure (Not audited)		R10,867,247.15

Statistical Information

INDICATOR	2004/2005	2005/2006	2006/2007
Rental Estate	R697,665	R670,000	R745,710
Market Dues	R8,599,513	R9,715,000	R9,962,130
Fees Ripe & Cool	R483,120	R600,000	R442,380
Buyer Cards	R7,438	R3,200	R3 930
Rental Transport	R67,519	R54,000	R66,320

ACTUAL PERFORMANCE ACHIEVED BY THE DEPARTMENT MEASURED AGAINST THE SET TARGETS FOR 2006-2007

Key Performance Objective	Key Performance Indicator	Annual Target	Target Achieved 2006/2007
Ensure the fencing in of the Market Hall by June 2007	100% Fenced Market Hall at a cost of R40,000	100%	100%
Ensure the IDP extension of the Market Hall by June 2007	100% IDP extension of the Market Hall at a cost of R1,280,900	100%	100%
Ensure the repair of the Market floor by June 2007	100% Repaired Market floor at a cost of R180,000	100%	0% (i)
Ensure of the extension of Market Hall by providing a extended sales area by June 2007	100% Extended Market Hall at a cost of R 2 032 000	100%	50% (ii)
Ensure the collection of R 7 245 000 market dues by June 2007	R 7 245 000 market dues collected	R7 245 000	R 8 974 306



Ensure that 630 000 Sales transactions are processed by June 2007	630 00 Sales transactions processed	630 000	696 033
Ensure the collection of R 55 000 for rental transport revenue by June 2007	R 55 000 Collected for rental transport	R 55 000	R 58 334
Ensure fresh produce by the ripening of 283 500 cartons of bananas by June 2007	283 500 Cartons of bananas ripened	283 500	248 772
Ensure the collection of R 421 000 in ripening and cooling fees by June 2007	R 421 000 Ripe and cool fees collected	R 421 000	R 343 868
Improve market finances by reducing the outstanding debtor account with 84% by June 2007	Outstanding debtor account reduced to 84%	84%	(iii) 3,57%
Ensure the introduction of new producers to Market by assisting 4 emerging farmers by June 2007	4 Emerging farmers assisted	4	4
Ensure public education to create a healthier life style by arranging 8 awareness programmes on 5-A-Day by June 2007	8 Awareness programmes on 5-A-Day	8	12
Ensure a proper service to buyer by providing training to 10 hawkers by June 2007	10 Hawkers provided training	10	10
Provide a 80% clean environment to users by June 2007	80% Clean facilities provided to market users	80%	80%
Provide proper shelters to 2 hawkers by June 2007	2 Hawker shelters completed	2	2
Upgrade the Market with the completion of Phase II by June 2007	Completed Phase II of market extension	100%	100%

REASONS AND CORRECTIVE ACTION

NUMBER	REASON	CORRECTIVE ACTION
(i)	Project finalised. The project not to engineer's specifications	As soon as been rectified payment to be finalized in new financial year
(ii)	Phase II of project completed	Balance to be paid on receival of payment certificate
(iii)	Additional debtors with guarantees	Private debt collectors to be appointed



NATIONAL KEY PERFORMANCE INDICATORS



NATIONAL Key Performance Indicators

NATIONAL KEY PERFORMANCE INDICATORS

The 7 National Key Performance Indicators as prescribed in terms of section 43 of the Local Government: Municipal Systems Act, 2000 (32 of 2000), as well as in the terms of section 10 of the Local Government: Municipal Planning and Performance Management Regulations are reported on as follows:

GENERAL KEY PERFORMANCE INDICATOR	PRIORITY AREA	2005/06			2006/07			2007/08	
		BACKLOG	TARGET	ACHIEVED	BACKLOG	TARGET	ACHIEVED	BACKLOG	TARGET
The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal	Water	2 554	1 398	1 398	1 156	1 026	1 026	130	130
	Sanitation	14 532	1 762	1 762	12 770	12 770	12 770	13 568	13 568
	Electricity	No Backlog	1 100	1 100	No Backlog	629	629	7 900	750
	Solid Waste Removal (premises)	No Backlog	85 000	85 000	No Backlog	90 040	83 840	6 200	94 200

GENERAL KEY PERFORMANCE INDICATOR	PRIORITY AREA	2005/06		2006/07		2007/08
		TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET
The percentage of households earning less than R1 100 per month with access to free basic services	Electricity 50Kwh and Water 6kl free	All applications that are received	34 584 households which represents 29,7% of all households	All applications that are received	36 279 households which represents 30.69% of all households	All applications that are received
The percentage of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipalities Integrated Development Plan.	Revised capital budget approved	R167,3m	R 127,6m	R144,7m	R317,43m (Revised)	R294,678m
	Total expenditure as at 30 June 2007	R 167,3m	R 127,6m	R7,820,400	R7,096,279	R17,153,600
	% Spent	100%	76,3%	100%	90,74%	100%

See Annexure "A" for financial year end achievements for IDP and MIG capital projects approved and funded by Council and National Government respectively.

It must be noted that the expenditure indicated is not the final expenditure for the financial year, as creditors are still paid until 31 July 2007.

The number of jobs created through municipality's Local Economic Development initiatives, including capital projects	Unemployment and Poverty reduction	2005/06		2006/07		2007/08
		TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET
		100	823	400	920	500



The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Improve Representivity	2005/06		2006/07		2007/08
		TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET
		Senior Management (0-3)	Senior Management (0-3)	Senior Management (0-3)	Senior Management (0-3)	Senior Management (0-3)
		<u>Male</u>	<u>Male</u>	<u>Male</u>	<u>Male</u>	<u>Male</u>
		BM - 20 CM - 0 IM - 0 WM - 10	BM - 18 CM - 0 IM - 0 WM - 16	BM - 20 CM - 1 IM - 1 WM - 13	BM - 19 CM - 0 IM - 0 WM - 16	BM - 20 CM - 1 IM - 1 WM - 13
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	Training: Exp Training: Levy SETA: Exp SETA: In/rec	<u>Female</u>	<u>Female</u>	<u>Female</u>	<u>Female</u>	<u>Female</u>
		BF - 4 CF - 0 IF - 0 WF - 2	BF - 3 CF - 0 IF - 0 WF - 1	BF - 4 CF - 0 IF - 0 WF - 3	BF - 4 CF - 0 IF - 0 WF - 2	BF - 6 CF - 1 IF - 0 WF - 3
			Vacant - 11		Vacant - 12	
		2005/06		2006/07		2007/08
		TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	Training: Exp Training: Levy SETA: Exp SETA: In/rec	R	R	R	R	R
		927,876 1,534,144	827,150 1,434,083	948,980 1,693,476	924,589 1,531,025	998,690 1,807,890
		826,012 -1,000,000	285,000 -1,234,669	1,000,000 -1,000,000	844,245 795,910	1,060,000 1,060,000



Financial viability express by the following ratios:

(i) DEBT COVERAGE RATIO:

$$A = (783\,379\,634 - 129\,551\,883) / (50\,038\,806 + 44\,573\,257)$$

$$A = 6,9 \text{ times}$$

(Note: 11,4 times in 2006)

$$A = (B - C) / D$$

Where:

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

"D" represents debt service payments (i.e. interest + depreciation) due within the financial year

(ii) OUTSTANDING SERVICE DEBTORS TO REVENUE

$$A = 501\,250\,082 / 931\,958\,624$$

$$A = 53,8\%$$

(Note: 54,5% in 2006)

$$A = B / C$$

Where:

"A" represents outstanding service debtors to revenue

"B" represents total outstanding service debtors

"C" represents annual revenue actually received for services

(iii) COST COVERAGE RATIO:

$$A = (32\,667\,396 + 187\,649\,333) / 61\,936\,071$$

$$A = 3,6 \text{ Times}$$

(Note: 2,8 Times in 2006)

$$A = (B + C) / D$$

Where:

"A" represents cost coverage

"B" represents all available cash at a particular time

"C" represents investments

"D" represents monthly fixed operating expenditure



SERVICE PROVIDERS



Service Providers

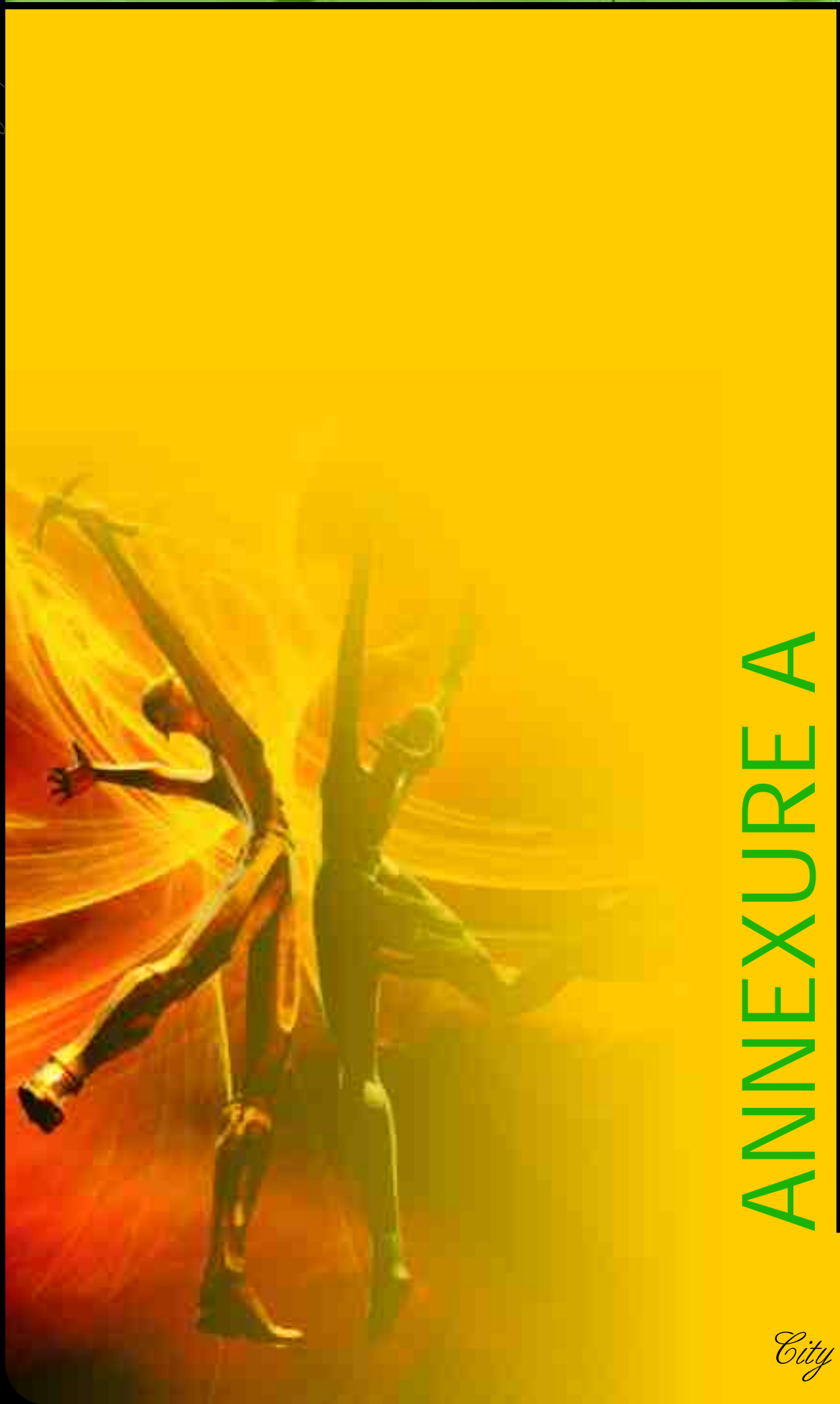
Service Providers

Currently council does not make use of any service provider/s, which renders a municipal service on behalf of Council and therefore no performance can be reported.

Although Eskom renders an installation and maintenance service to the community of Kanana, Khuma, Tigane, rural areas and farm lands which falls within the demarcated municipal area of the City of Matlosana, the agreement is between the National Electricity Regulator (NER) and Eskom, by means of a distribution license. No service level agreement is concluded with Council.

The Department Electrical Engineering is in the process of investigating service level agreements with Eskom and the Department of Minerals & Energy.





ANNEXURE A

MIG / IDP PROJECTS PROGRESS: 2006/2007 FINANCIAL YEAR

ANNEXURE "A"

PROJECT	APPROVED MIG FUNDING	COUNTER FUNDING	TOTAL	TOTAL EXPENDITURE MIG FUNDING EXCL VAT	VAT	TOTAL	EXP %	SAVING	TOTAL EXPENDITURE COUNTER FUND EXCL VAT	VAT	TOTAL	EXP %	SAVING	TOTAL
Tigane Extension 6 Water Network (715 even)	R 2 777 200.00	R 22 800.00	R 2 800 000.00	R 1 497 158.96	R 209 602.26	R 1 706 761.22	61%	R 1 280 041.04						R 1 706 761.22
Tigane Ext 5 Water Network (208 even)	R 725 688.80	R 7 330.20	R 733 020.00	R 615 066.09	R 88 109.25	R 701 175.34	97%	R 110 623.71						R 701 175.34
Klerksdorp Rural Water Supply: Klop & Hardthorn Areas: (Uraan, Orlate, Mapuite and Mapisang)	R 389 800.00	R 0.00	R 389 800.00	R 341 754.39	R 47 845.61	R 389 800.00	100%	R 47 845.61	R 35 698.28	R 4 997.76	R 40 696.04	100%	R 0.00	R 430 296.04
Water supply to rural schools and clinics - Rhenosterspruit	R 235 750.00	R 14 250.00	R 250 000.00	R 147 442.00	R 20 841.88	R 188 083.88	71%	R 88 308.00						
Nooitgedacht Holdings	R 500 000.00	R 0.00	R 500 000.00	R 410 134.44	R 57 418.82	R 467 553.26	94%	R 89 885.56	R 187 993.46	R 26 319.08	R 214 312.54	100%		R 681 965.80
Khuma Bulk Water Supply (Phase I)	R 5 347 674.00	R 62 326.00	R 5 410 000.00	R 4 680 942.11	R 666 731.89	R 5 347 674.00	100%	R 666 731.89						R 6 014 405.89
Alabama Extension 3 - Bulk Supply (1 165 even)	R 3 200 000.00	R 0.00	R 3 200 000.00	R 2 807 017.54	R 392 982.46	R 3 200 000.00	100%	R 392 982.46	R 282 200.47	R 39 508.07	R 321 708.54	100%		R 3 521 708.54
Khuma Ext 6 Sewer Network (683 even)	R 3 050 925.00	R 74 875.00	R 3 125 800.00	R 2 675 498.94	R 374 589.77	R 3 050 088.11	100%	R 375 426.66					R 74 875.00	R 3 050 088.11
Khuma Ext 10 Sewer Network (157 even)	R 505 609.00	R 16 391.00	R 522 000.00	R 443 516.65	R 67 092.33	R 510 608.98	100%	R 67 092.33					R 16 391.00	R 505 608.98
Jouberton Ext 23 Sewer Network (1165 even)	R 6 061 258.00	R 124 982.00	R 6 186 120.00	R 4 738 047.22	R 663 326.61	R 5 401 373.83	88%	R 1 323 210.78						R 5 401 373.83
Wilbeeslaagte and Palmfontein - Rural Sanitation	R 1 071 908.00	R 0.00	R 1 071 908.00	R 642 356.92	R 89 929.97	R 732 286.89	68%							R 732 286.89
Klerksdorp WWTp Upgr Mechanical & Electrical Installation	R 1 430 000.00	R 0.00	R 1 430 000.00	R 1 254 385.96	R 175 614.04	R 1 430 000.00	100%	R 0.00	R 66 425.52	R 9 298.57	R 75 725.09			R 1 505 725.09
Jouberton Ext 7 Sewer Network (11 even)	R 55 980.00	R 1 140.00	R 57 000.00	R 49 000.00	R 6 800.00	R 55 800.00	100%	R 6 800.00						R 55 980.00
Khuma Ext 1 Sewer Network (2821 - 2823 even)	R 80 000.00	R 113 780.00	R 193 780.00	R 166 566.06	R 9 319.25	R 75 985.31	95%	R 13 453.94	R 109 671.82	R 15 347.05	R 124 988.87	100%		R 200 954.18
Tigane Ext 1 Sewer Network (409-415 even)	R 32 686.00	R 7 614.00	R 40 300.00	R 28 671.93	R 4 014.07	R 32 686.00	100%	R 4 014.07	R 6 104.08	R 854.57	R 6 958.65	91%	R 1 509.92	R 32 686.00
Tigane Ext 5 Sewer Network (232 even)	R 1 563 378.00	R 24 221.00	R 1 587 600.00	R 1 247 124.09	R 174 587.37	R 1 421 721.46	91%	R 316 254.91					R 24 221.00	R 1 421 721.46
Kanaria Ext 13 - Sewer Network (602 even)	R 3 116 832.00	R 31 188.00	R 3 148 000.00	R 2 187 737.88	R 305 583.31	R 2 493 321.20	80%	R 334 094.11	R 19 913.00	R 2 787.82	R 22 700.82	73%	R 11 255.00	R 2 511 022.02
Sewer network, Jouberton Ext. 19 west (665 even)	R 3 465 346.00	R 34 563.00	R 3 499 909.00	R 3 039 777.19	R 425 588.81	R 3 465 346.00	100%	R 425 588.81	R 235 512.53	R 32 971.75	R 268 484.28	100%	R 0.00	R 3 733 738.89
Jouberton Ext 20 Sewer Network (981 even)	R 4 632 725.00	R 30 000.00	R 4 662 725.00	R 2 392 522.11	R 334 953.10	R 2 727 475.21	59%							R 2 727 475.21
Upgrading of Klerksdorp Sewage Treatment Works (Phase 2)	R 7 120 716.00	R 0.00	R 7 120 716.00	R 5 325 087.88	R 745 512.30	R 6 070 600.18	85%							R 7 694 170.23
Increase Olney WWTp to 20 Mld (Civil/Mech Works)	R 13 552 952.00	R 50 000.00	R 13 602 952.00	R 10 154 127.88	R 1 421 577.87	R 11 575 705.55	85%	R 3 398 824.32						R 11 575 705.55
Tigane Ext 6 Sewer Network (688 even)	R 4 445 780.01	R 75 239.99	R 4 521 000.00	R 3 888 788.48	R 545 970.53	R 4 445 760.01	100%	R 545 970.53	R 428 595.88	R 60 143.43	R 488 739.32	100%		R 5 335 046.65
Jouberton Ext 22 Sewer Network (521 even)	R 2 677 200.00	R 22 800.00	R 2 700 000.00	R 2 239 908.26	R 313 587.16	R 2 553 495.42	95%	R 437 291.74						R 2 553 495.42
New Regional Landfill Site	R 6 520 990.00	R 5 000 000.00	R 11 520 990.00	R 5 710 726.96	R 298 501.77	R 6 510 228.73	100%	R 810 263.04	R 3 885 850.40	R 545 419.06	R 4 441 269.46	89%		R 10 951 498.19
Khuma - Street Lighting	R 2 020 265.00	R 0.00	R 2 020 265.00	R 1 772 162.61	R 248 102.77	R 2 020 265.38	100%	R 248 102.39						R 1 994 237.24
Increase Klerksdorp WWTp to 30Mld (Civil Works)	R 8 500 000.00	R 0.00	R 8 500 000.00	R 7 456 140.35	R 1 043 859.65	R 8 500 000.00	100%	R 1 043 859.65						R 8 235 740.70
TOTAL	R 83 080 324.81	R 5 703 360.19	R 88 783 685.00	R 65 827 563.11	R 9 215 872.65	R 75 043 535.96	100%	R 12 511 665.57	R 5 268 915.45	R 737 648.16	R 6 006 563.61	100%	R 128 251.92	R 58 666 537.35





ANNEXURE B

ANNEXURE " B "

CITY OF MATLOSANA

PERFORMANCE AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2007

By: Chief Internal Auditor (GO van den Berg)

Introduction

Mandate

In accordance with the requirements of the Municipal Systems Act, the Internal Audit section performed a review of the performance management system of the Municipality for the period of January 2007 to June 2007.

Purpose, restriction of distribution and use of report

The purpose of the report is to communicate the results of the review to management.

The scope of this review/project is set out in paragraph 3. The overall objective is to provide management with independent, objective feedback regarding internal controls used to mitigate identified risks. The internal audit work and related reports should not be used for any other purposes for which it was not specifically scoped or designed, and as such, it should not be relied upon as evidence in any disciplinary proceedings involving employees, whether conducted internally or externally.

Executive Summary

Background

Integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on the development in their areas. The performance management system monitors service delivery progress and provides focus towards priorities within an increasingly complex and diverse set of demands. It also links direct resources allocations and institutional systems to a new set of development objectives.

Chapter 6 of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), requires local government to:

- Develop a performance management system.
 - Set targets, monitor and review performance based on the indicators linked to the Integrated Development Plan (IDP).
- Publish an annual report on performance management for the councillors, staff, the public and other spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for local government.
- Conduct internal audit on performance.
- Have the annual performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and reviewing municipal performance.

The following are the summary of issues that were noted during the review.

- The Municipality did not have a fully operational Performance Audit Committee during the 2006/2007 financial year.
- The information provided for the compilation of the quarterly performance report is not always verified for accuracy prior to incorporating in the quarterly report.
- Quarterly Reporting not in accordance with DPLG reporting guidelines.

For the detailed findings and recommendations refer to appendix A of this report.



Acknowledgement

We would like to record our appreciation for the time and co-operation management and staff provided during the course of our review.

Focus area/Scope of review

This review entails the evaluation of the effectiveness and the efficiency in respect of the performance management system.

The key areas of focus will be:

- Obtain high-level background information.
- Use of high-level interview checklist to understand the auditee's business.
The main areas of focus will be:
 - Integrated Development Plan;
 - Performance Management System;
 - Key Performance Indicators;
 - Performance Targets;
 - Actual Service Delivery;
 - Internal Monitoring;
 - Internal Control;
 - Performance Measurement and Reporting; and
 - Revision of Strategies and Objectives.
- Schedule high-level interviews with the relevant role players.

The scope of this review was limited to focusing on the key areas as identified above and did not extend to any other area.

Review objective

The objective of a Compliance Review is to evaluate to what extent by-laws, policies and procedures, statutory requirements, management and Council decisions have been complied with. Statutory requirements will include adherence to the Municipal Systems Act, Municipal Planning and Performance Management Regulations, 2001, and other relevant legislation. The project deliverables are:

- Reporting on the compliance to and effectiveness of the controls reviewed.
- Indicate areas for improvement.

The scope of this review/project is set out below. The overall objective is to provide management with independent, objective feedback regarding internal controls used to mitigate identified risks. The key risks associated with this review and used in developing the scope were:

- Insufficient resources to achieve objectives

Specific risks:

- The seven national general key performance indicators in terms of section 43 of the Municipal Systems Act may not be included in the Integrated Development Plan (IDP) and/or the Performance Management System (PMS).
- The Performance Management System may not be devised in such a way that it serves as an early warning indicator of under-performance.
- The Performance Management System may not be in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP)
- Performance targets may not be set with regard to each of the Key Performance Indicators included in the Integrated Development Plan (IDP)
- Performance targets may not be specific, measurable, attainable, realistic and time related.
- Developmental needs may not be timeously addressed and rectified.
- The annual performance report may not comply with all the requirements set out in section 46 of the Municipal Systems Act.
- The municipality may not annually review its strategies and objectives as contained in the Integrated Development Plan (IDP) in accordance with an assessment of its performance measurements.



Management's responsibilities

Management is responsible for the establishment and maintenance of an effective system of governance to:

- Establish and communicate organisational goals and values;
- Monitor the accomplishment of goals; and
- Ensure accountability and values are preserved.

Management is further responsible for the establishment and maintenance of an effective system of internal control. The objectives of the system of internal control are, inter alia, to provide management with reasonable, but not absolute, assurance that:

- Risks are properly managed;
- Assets are safeguarded;
- Financial and operational information are reliable;
- Operations are effective and efficient; and
- Laws, regulations and contracts are complied with.

The principal safeguard against fraud, misstatement and irregularities is an effective system of internal control. It must, however, be recognised that there are inherent limitations in any system of internal control - including human error and circumventions through collusion. The prevention and detection of fraud is therefore management's responsibility.

Management representations made considered to form part of our audit evidence. Any management representations accepted on face value and in good faith, with only limited evaluation to assess for reasonableness.

A Findings and Recommendations on Third and Fourth Quarter Performance Management System Report

A.1 Non existence of a Performance Audit Committee

Finding

It was noted that the Municipality's Performance Audit Committee was not in operation during financial year and therefore no review and approval of the quarterly performance management internal audit reports occurred. The Audit Committee of the City Council was given the mandate to perform the functions of the Performance Audit Committee. However the Chairperson, Mr. X Mazabane, resigned from the Committee in August 2006, and Committee member Mrs. Viljoen, resigned shortly there after. Therefore the Municipality did not complying with Section 14(2) (a-f) of the Municipal Planning and Performance Management Regulations, 2001, that states the following:

- "A municipality must annually appoint and budget for a performance audit committee consisting of at least three members, the majority of which may not be involved in the municipality as councillor or as an employee.*
- A performance audit committee appointed in terms of paragraph (a) must include at least one person who has the expertise in performance management.*
- A municipality may utilise any audit committee established in terms of other applicable legislation as the performance audit committee envisaged in paragraph (a), in which case the provisions of this sub regulation, read with the necessary changes, apply to such an audit committee.*
- The council of a municipality must designate a member of the performance audit committee who is not a councillor or an employee of the municipality as chairperson of the committee.*
- If the Chairperson of the performance audit committee is absent from a specific meeting of the committee, the member present must elect a chairperson from the members present to act as Chairperson for that meeting.*
- In the event of a vacancy occurring amongst the members of the performance audit committee, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.*



Impact

The above indicates non-compliance to Section 14(2) (a-g) Municipal Planning and Performance Management Regulation, 2001. Lack of a performance audit committee could be perceived as an indication that management does not recognise the significance of the performance management system.

Recommendation

In order to enhance the level of compliance to the Municipal Planning and Performance Management Regulation, 2001, a performance audit committee should be established in accordance with section 14(2) stipulations.

The committee should furthermore meet the following requirements:

- Meet at least twice during the financial year of the Municipality;
- Review the quarterly reports submitted to it in terms of sub regulation (1)(c)(ii);
- Review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- In reviewing the performance management system the performance audit committee must, focus on the economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

Internal Auditors Comments

The Municipality have correctly budgeted for a Performance Audit Committee for the current financial year and for the 2007/2008 financial year.

An advert was placed during August 2006 for additional membership for Council's Audit Committee. Three applications were received, and interviews were held. Yet to date, no appointments have been made.

A.2 Information provided for the compilation of quarterly performance report not always verified

Finding

During our review, we noted that information supplied to prepare the quarterly performance report, such as actual performance against the annual targets as set out at the beginning of the financial year, is incorporated in the quarterly report as is (i.e. the accuracy thereof is not verified).

As per the Municipalities approved Performance Management Framework, the responsibility to monitor the progress of performance plans is that of Line Managers.

Internal Audit's responsibility is to assess the functionality and legal compliance of the Performance Management System, and to audit on a sample basis the performance targets achieved and reported on each quarter.

We selected a sample of KPI's in the quarterly reports to verify whether the information in the quarterly reports is the same as the information maintained by the departments. The following were however noted:

- KPI - "19 Sewer pump stations maintained through a fixed programme." This KPI was reported as having achieved 20% completion, reason being that no programme was developed and implemented by the Manager: Electrical Engineering. It is not clear as to how the measurement of 20% was determined, as no documented proof could be provided during the review to substantiate the assertion.
- KPI (Office of the Speaker) - "330 Ward Committee and Mass meetings held." The achieved target reported on at the end of the third quarter was 74 meetings. However on the report submitted for the final quarter, the achievement documented states 90 meetings had been held during the third quarter.
- KPI (Corporate Services) - "100% reported EAP cases treated." The achieved target reported on at the end of the third quarter was 50%. However on the report submitted for the final quarter, the achievement documented states 25% was achieved during the third quarter. No explanation could be obtained from HR as to how they had arrived at the above mentioned %'s, and therefore neither of these two %'s could be verified. Reasons for the deviation, as stated by HR, may lead to the conclusion that this KPI is both unrealistic and unattainable.



- KPI (Corporate Services) - "Appointed recruitment officer." The achieved target reported on at the end of the third quarter was 45%. However on the report submitted for the final quarter, the achievement documented states 25% was achieved during the third quarter. No explanation could be obtained from HR as to how they had arrived at the above mentioned %'s, and therefore neither of these two %'s could be verified. Furthermore it was brought to our attention that no such position exists on the approved organogram for Human Resources, and therefore this KPI is viewed as being both unrealistic and unattainable.
- KPI (Corporate Services) - "Revised employment Equity Plan for 2006/2007." No achieved target was stated in the reported at the end of the third quarter. However on the report submitted for the final quarter, the achievement documented for the third quarter states that 25% was achieved.
- KPI (Corporate Services) - "Approved Skills development Plan." No achieved target was stated in the reported at the end of the third quarter. However on the report submitted for the final quarter, the achievement documented for the third quarter states that 25% was achieved.
- KPI (Corporate Services) - "Agenda's distributed 3 days before a meeting." The achievements reported on for the third and fourth quarter state that this target was achieved with 100% success. However upon review of the *Acknowledgment of receipt form* that is signed by each Committee member, the following was noted:
 - a. More often than not, no date of receipt is recorded on the form, therefore it is not possible to substantiate the claim that the agenda's are distributed 3 days before a meeting based on the information kept at Corporate Services.
 - b. Cases were found where the date of receipt of the agenda by the Committee members was not 3 days prior to the date of the meeting, but more often than not are 1 -2 days prior to a meeting.

Impact

The quarterly reports may be inaccurate, and may result in managements' integrity being questioned by the users of the Municipality's Performance reports.

Performance targets may not be specific, measurable, attainable, realistic and time related.

Recommendation

In order to ensure the accuracy of the quarterly performance reports, the management team of the Municipality should:

- Verify and validate the accuracy of information provided by their departments prior to the submission of the information to the PMS unit, for the incorporation in the quarterly reports.
- Therefore management will ensure that actual performance as reported in the quarterly reports is a true reflection of Municipality's performance.

Internal Auditors Comments

The current staff establishment of the PMS unit is 2 staff members, and it is their responsibility to incorporate all documentation submitted by the Directors, into the quarterly performance reports.

The management team is responsible for the verification of the actual performance achievements stated in the quarterly reports.

Therefore it is recommended that the various managers submit a Management Representation letter, along with their department's quarterly achievements, to their Directors, which clearly states that the actual performance achievements reported have been verified as being 100% accurate.

A.3 Quarterly Reporting not in accordance with DPLG reporting guidelines

Finding

Whilst reviewing the quarterly reports for Housing Services we noted the following:

- Of the 24 KPI's set for this section, only 1 KPI was achieved.
- Though the report does indicate reasons for non-achievement of set performance targets, management have not taken corrective actions to address these shortcomings.
- There is no indication of suggested corrective action, especially regarding non-achievement of set performance targets (i.e. poor performance).



Impact

The above could result in the quarterly report not serving its purpose of indicating the quarterly performance of the Municipality. The Performance Management System is not being implemented correctly by the Municipality as measures are not taken to address under-performance.

Performance targets may also not be specific, measurable, attainable, realistic and time related.
Recommendation

In order to enhance the effectiveness of the report, management should ensure the following:

- The report should provide detailed reasons or motivation for non-achievement of set performance targets (i.e. poor performance).
- Management should submit a detailed corrective action plan that is to be implemented, so as to address the non-achievement of set performance targets (i.e. poor performance) to their relevant Directors.
- These actions plans should be monitored by the Directors on a monthly basis to ensure correct implementation of the plan, and ensure overall achievement of the performance targets by the section.
- Management should also ensure that the quarterly reports are completed and submitted timely to the relevant authorities.

Internal Auditors Comments

The detailed management action plans, setting out the responsible officials and due dates, need to be provided and implemented for each KPI where under-performance has been identified, and submitted along with the quarterly performance reports to the PMS unit.

